MOVING THE REGION FORWARD

2014 - 2015 ANNUAL REPORT

METROLINX

An agency of the Government of Ontario

We are delivering real, new transportation choices for people in our region.

Message from the Chair

J. Robert S. Prichard

The 2014–2015 fiscal year saw the start of an initiative that will change the transportation landscape in the Greater Toronto and Hamilton Area (GTHA) over the coming decade.

Building upon our work expanding GO Transit, the Ontario government through its Moving Ontario Forward program has made an historic commitment to GO Regional Express Rail (GO RER), which will transform the GO network to offer a faster, more convenient way to connect with people, businesses and communities. A significant amount of planning and business case work has been undertaken.

The past year has also seen Metrolinx reach key milestones on significant projects in each of its divisions.

GO Transit kept building and adding service. With the Georgetown South rail improvement project on the Kitchener line nearly complete, and steady advances on the revitalization of historic Union Station, GO continued to think forward for its customers, preparing for tomorrow's needs today.

PRESTO continued its expansion. The convenient electronic fare payment system rolled out to more locations across the Toronto Transit Commission (TTC). PRESTO also readied itself to welcome new customers from the Union Pearson Express (UP Express).

UP Express is ready to go. UP Express finished construction of all supporting infrastructure, including stations and tracks, required to transport passengers on a stress-free, 25-minute ride between Union Station and Toronto Pearson.

We moved forward on major capital projects. Tunneling continued on the Eglinton Crosstown Light Rail Transit (LRT) line. New Bus Rapid Transit (BRT) routes opened in York Region, Durham Region and Mississauga.

We demonstrated leadership in regional planning. Initiatives to improve the integration of transportation options for residents were a focus, such as the Yonge Relief Network Study and our fare and service integration pilot with the TTC.

The pace of our progress has continued and even increased in the past year, and an unprecedented commitment was made by the Province of Ontario towards improving transit in the GTHA. We are delivering real, new transportation choices for people in our region. On behalf of the Board of Directors, I would like to thank our CEO and staff for their energy, talent and commitment, and express our confidence in their ability to transform the way the region moves.

Sincerely,
J. Robert S. Prichard
Chair, Metrolinx

Message from the CEO

Bruce McCuaig

Metrolinx and its divisions continued to show great progress in fiscal year 2014-2015, with several important and high-profile projects reaching "ready to launch" status.

The construction, development and cranes along the skyline are proof that our towns, cities and entire region are booming. The GTHA is already the 5th largest agglomeration in North America behind only Mexico City, New York City, Los Angeles and Chicago. Over 100,000 people a year are moving to one of the fastest growing regions in the western world.

One of the biggest stresses we are facing as a region is that our infrastructure hasn't kept up with our population growth – and a key piece of the infrastructure puzzle is transportation.

Our region can only support the growth we're experiencing if our people can move from place to place quickly and efficiently.

I am proud to say that Metrolinx's dedicated and hard-working employees are helping people do exactly that – whether it's providing daily service to our customers, building new transportation infrastructure or demonstrating leadership in planning for the future.

I am also proud that Metrolinx was once again selected as one of Greater Toronto's Top Employers.

In the past fiscal year, GO Transit increased service, the PRESTO fare payment system continued to roll out across the TTC and the UP Express took shape and finalized the last remaining details prior to launch.

Building on the GO Transit expansion already underway, we began work on a service concept and infrastructure, phasing and engagement plans for GO RER. Other projects took dramatic steps forward – like the Eglinton Crosstown LRT, the revitalization of Union Station's tracks, platforms, train shed roof and passenger concourses, and BRT in York Region, Durham Region and Mississauga.

We worked collaboratively with our transportation partners in the GTHA, beginning research and planning for transformative new initiatives such as integrating fares, service and wayfinding across transit systems. We also started a formal review of the Metrolinx Regional Transportation Plan.

We made a major commitment to sustainability by dedicating a staff team to achieving international targets set by the American Public Transportation Association and the International Association of Public Transport.

Metrolinx has a significant role in the largest transformation of transit and transportation infrastructure in the country – a transformation that is bringing real benefits to the GTHA and its residents.

It's a great time to be involved in transportation. The network we build today and tomorrow will be with us for a century or more. I am proud of what we've accomplished and excited about what's to come.

Sincerely,
Bruce McCuaig
President & CEO, Metrolinx

Governance Structure

Metrolinx is a corporation established by the Province of Ontario under the *Metrolinx Act, 2006*. Metrolinx's Board of Directors and CEO are appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Transportation.

The Board of Directors governs the Corporation and provides strategic direction and oversight for Metrolinx's activities and operations. The Board meets at least six times a year, including four meetings that have sessions open to the public.

Metrolinx Board of Directors

J. Robert S. Prichard
Chair; appointed May 14, 2009 with a term expiring September 3, 2016.

Stephen Smith
Vice-Chair; appointed May 14, 2009 with a term expiring January 13, 2016.

Rahul Bhardwaj
Appointed May 14, 2009 with a term expiring January 13, 2016.

Iain Dobson
Appointed April 16, 2014 with a term expiring April 16, 2017.

Janet Ecker
Appointed October 31, 2012 with a term expiring October 31, 2016.

Anne Golden
Appointed April 16, 2014 with a term expiring April 16, 2017.

Joseph A.G. Halstead
Appointed May 14, 2009, term expired February 13, 2015.

Richard Koroscil
Appointed May 14, 2009, term expired February 13, 2015.

Marianne McKenna
Appointed July 18, 2012 with a term expiring July 18, 2015.

Nicholas Mutton
Appointed May 14, 2009, resigned March 3, 2015.

Rose M. Patten
Appointed May 14, 2009 with a term expiring January 13, 2016.

Bonnie Patterson
Appointed July 18, 2012 with a term expiring July 18, 2015.

Howard Shearer
Appointed July 18, 2012 with a term expiring July 18, 2015.

Douglas Turnbull
Appointed May 14, 2009, term expired February 13, 2015.

Bruce McCuaig
President and CEO of Metrolinx, is also a member of the Board, appointed September 4, 2010 with a term expiring September 4, 2016.

We'd like to thank each Board member for the contributions they made in 2014–15.

In addition, we'd like to thank Joseph Halstead, Richard Koroscil, Nicholas Mutton and Douglas Turnbull for their contributions to the Metrolinx Board.

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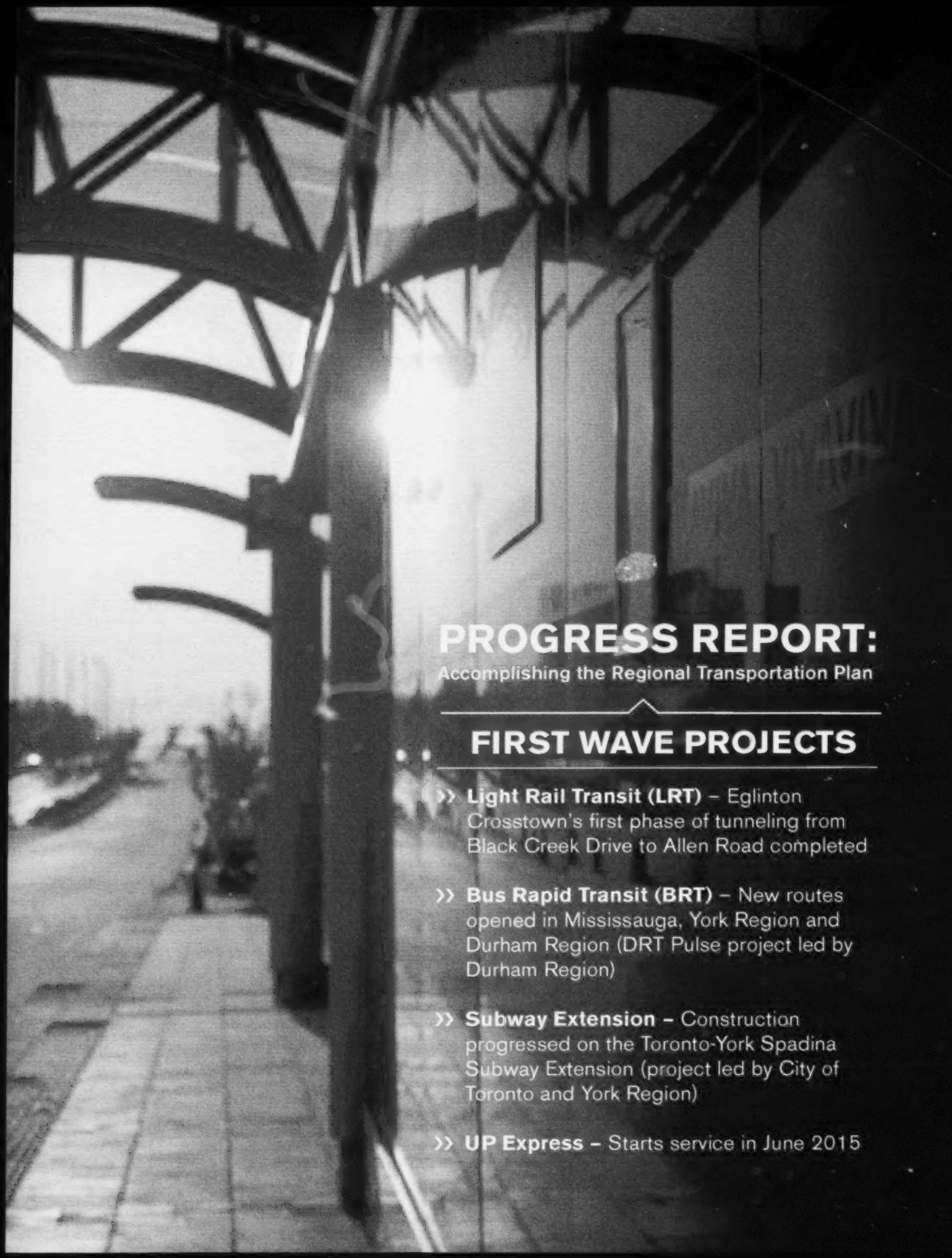


PROGRESS REPORT:

Accomplishing the Regional Transportation Plan

FIRST WAVE PROJECTS

- **Light Rail Transit (LRT)** – Eglinton Crosstown's first phase of tunneling from Black Creek Drive to Allen Road completed
- **Bus Rapid Transit (BRT)** – New routes opened in Mississauga, York Region and Durham Region (DRT Pulse project led by Durham Region)
- **Subway Extension –** Construction progressed on the Toronto-York Spadina Subway Extension (project led by City of Toronto and York Region)
- **UP Express –** Starts service in June 2015

Vision & Mission

Vision

Working together to transform the way the region moves.

Mission

To champion and deliver mobility solutions for the Greater Toronto and Hamilton Area.

Delivering an integrated regional transit & transportation network

Metrolinx was created in 2006 as an agency of the Government of Ontario to improve the coordination and integration of all modes of transportation in the Greater Toronto and Hamilton Area (GTHA). Nine years into our mandate, we have achieved significant milestones and are delivering on the vision encapsulated in our award-winning 25-year Regional Transportation Plan for the GTHA.

As we near completion of a number of First Wave projects from the plan – on schedule and on budget – we are transforming how people move across the region. Everyone benefits from enhanced transit and transportation routes, facilities and services. Travellers have more choice and can reach their destinations faster. Businesses can be more productive when employees spend less time commuting. There are significant advantages for the broader economy, too. For example, it is estimated that the implementation of GO RER over the next 10 years will provide more than $24 billion in net benefits for the region. This includes time savings, automobile cost savings, quality of life enhancements, safety improvements, and new residential and business development.

At Metrolinx, business planning, project planning and progress reporting are aligned with an annually updated five-year strategic plan. Developed this fiscal year, the 2015–20 Metrolinx Five-Year Strategy reflects the Province of Ontario's commitment to GO RER announced in the *2014 Ontario Budget.* We are accelerating enhanced service on GO rail corridors, which will have an increasingly prominent role in the region's transportation network.

$24 BILLION IN NET BENEFITS FOR THE REGION

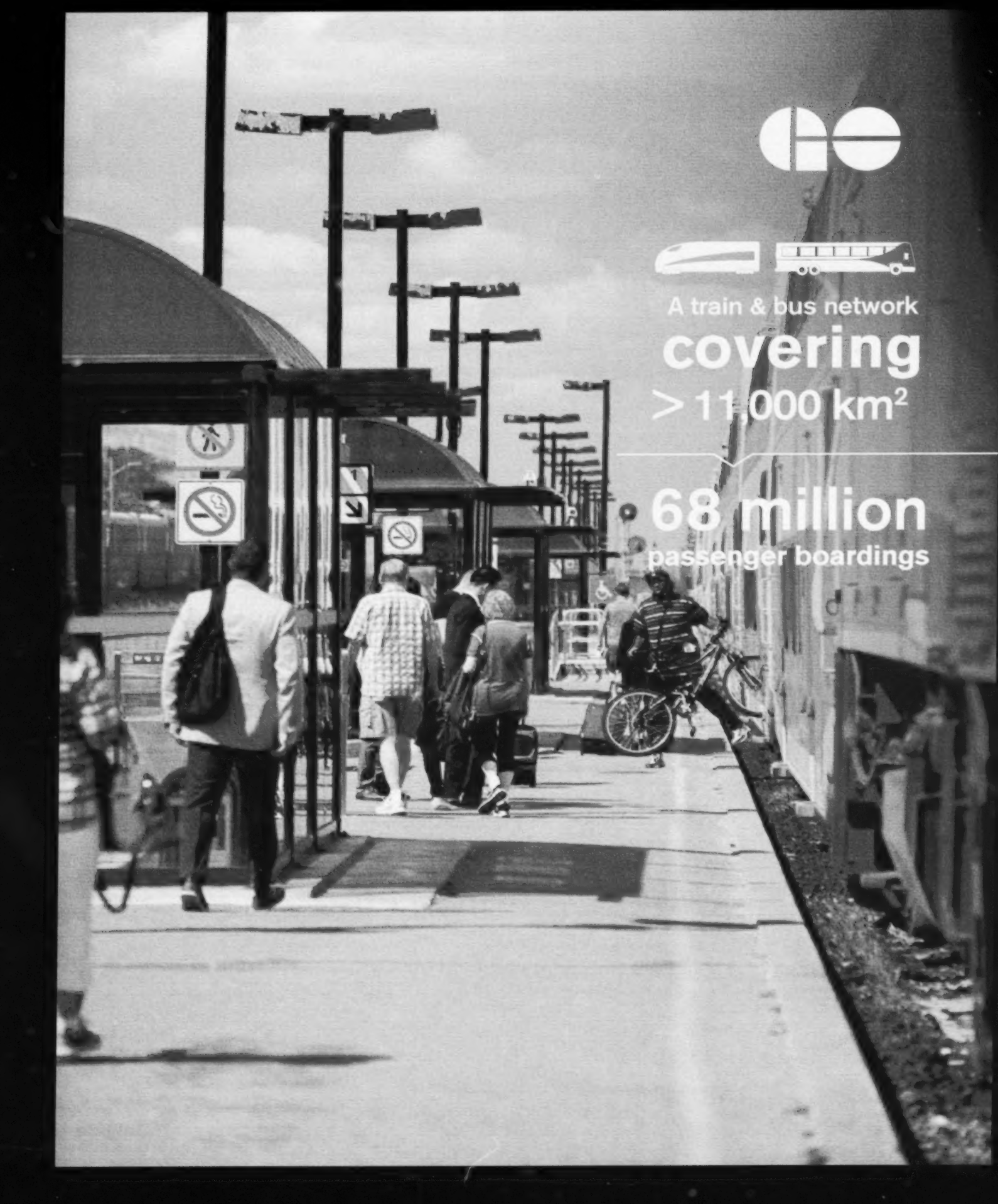
Metrolinx has started the legislated review of the Regional Transportation Plan. We are collaborating with the Ontario Ministries of Transportation and Municipal Affairs and Housing to align the review and update of our plan with the review of the Growth Plan for the Greater Golden Horseshoe, which is now underway. Key areas for collaboration include growth trends and forecasts, transit investments, land-use planning and implementation strategies.

Strengthening the Metrolinx team to realize our goals

Engaged employees and exceptional leadership are critical for Metrolinx to achieve its business goals. In 2014–15, we completed initiatives from the five-year Human Resources Strategic Plan which was launched in 2010. Some highlights include:

- **Leadership development**: We have completed the second year of a three year strategy through our program with the Schulich School of Business. We also launched the Managing at Metrolinx Development program, and continue to hold regular leadership forums for all staff with people leadership responsibilities
- **Corporate values**: The new Metrolinx values were integrated into our culture and talent programs including recruitment and selection, onboarding, performance management, succession planning and formal recognition
- **Increased workforce**: Metrolinx had a total of 3,147 employees at the end of this fiscal year, an increase of 258 employees per the workforce plan
- **Diversity and Inclusion**: A framework for a Diversity and Inclusion Strategy was initiated
- **Organizational capacity**: We expended significant effort towards building organizational capacity through restructuring and reorganization of the Capital Projects, Procurement, Planning and Policy, and Legal Services groups
- **People Strategy**: The new Metrolinx People Strategy for the period 2015-2020 was also completed. The strategy's 35 deliverables were developed with wide organizational input, and will help Metrolinx meet its business requirements over the next five years.
- **Labour relations**: A negotiated settlement was reached with the Amalgamated Transit Union for a new 4 year agreement

Employee engagement, based on our 2014 Employee Survey, is at 4.2 out of 5.0, and rising scores were noted in two areas we targeted for improvement: organizational communication and organizational change.


A train & bus network
covering
>11,000 km²
68 million
passenger boardings

GO Transit

With the Georgetown South (GTS) project and Union Station revitalization reaching significant milestones (see "Capital projects" for more information about both initiatives), GO Transit is preparing to ramp up rail service across the GTHA. In 2014–15, we added peak period train trips to the Barrie and Milton lines and expanded bus service between Hamilton and Mississauga Square One.

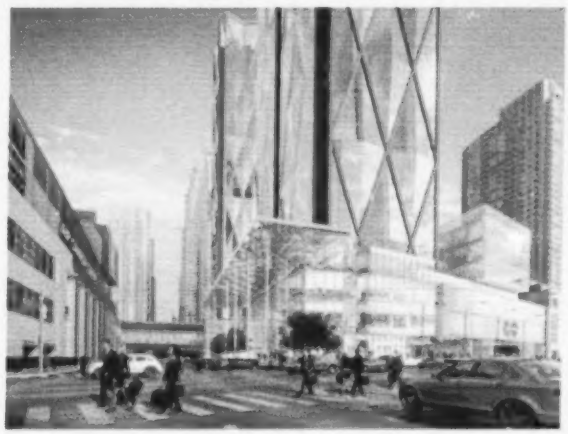
To keep the tracks clear and the trains running, we implemented the Rail Adhesion Management Program to help prevent the build-up of leaves, installed hundreds of hot air blowers on switches and added more than one hundred snow clearing devices in the Union Station area. All of these measures contributed to the achievement of 94 per cent overall on-time train performance (and 92 per cent rush hour on-time train performance) in 2014–15. And, in another step that will improve service frequency and reliability, we purchased a 53-kilometre section of rail line on the Kitchener Corridor from CN, increasing our rail corridor ownership to 80 per cent from 67 per cent.

Building new facilities

We are constructing GO Transit facilities across the region, with many seeking to meet high sustainability standards. During this fiscal year:

- We opened the East Gwillimbury GO Bus Storage and Maintenance Facility, targeting LEED Gold certification (August 2014)
- We broke ground for the new Gormley GO Station on the Richmond Hill line (September 2014)
- We started building the new Hamilton Bus Storage and Limited Maintenance Facility, targeting LEED Gold certification (July 2014).

We also made a major announcement in September 2014. Metrolinx, Ivanhoe Cambridge and the City of Toronto are working together to build a new GO bus terminal at Union Station, allowing for improved transit options and an improved customer experience. The new station will bring downtown Toronto GO bus and rail services to one convenient and accessible location, reaffirming Union Station's role as an integrated transit hub.



In November 2014, every GO bus was equipped with digital signs and automated next-stop announcements – making travel easier for everyone, including people with vision or hearing loss.

Free WiFi, available at 14 GO stations and bus terminals since the spring of 2013, was expanded to an additional 22 GO stations in February 2014 in partnership with IMA Outdoor. More than 80 per cent of GO Transit's customers can now access the service.

The 500th GO bus went into service in September 2014.

In November 2014, Metrolinx announced the purchase of more than 250 fully accessible double-decker buses built to accommodate height restrictions at the Hamilton, Yorkdale, York Mills and Union Station Bus Terminals. The new buses will be delivered over the next five years, replacing older vehicles at the end of their lifecycle.

2014-15

10 STATIONS
Renovated/Improved

ADDED:

7 TRAIN TRIPS/ weekday

440 BUS TRIPS/ weekly

ADDED:

33 Train cars

52 New buses

51 Replacements

TOTAL:

52 Train sets

500 Buses

ADDED:

1,258 Parking spaces

PASSENGER CHARTER COMMITMENTS: PERFORMANCE IN 2014–15

MEASURE	ANNUAL TARGET	2013-14	2014–15
On Time			
We will run more than 94% of rush hour trains within five minutes of the scheduled time.	94%	93%	92%
We will have less than 1% of our scheduled trips cancelled or delayed over 20 minutes.	1.0%	0.8%	0.7%
Safety			
We will increase, year over year, the percentage of customers who are satisfied with GO Transit's safety as measured by our customer survey.	80%	88%	89%
Keeping you in the know			
We will increase, year over year, the percentage of customers who are satisfied with GO Transit's communication as measured by our customer satisfaction survey.	77%	72%	75%
Comfortable experience			
We will strive to have seats available for every passenger on 80% of weekday rush hour train trips.	80%	62%	66%
We will increase, year over year, the percentage of customers who are satisfied with the cleanliness of GO Transit managed stations as measured by our customer satisfaction survey.	82%	82%	84%
Helpfulness			
We will reduce the average time to address customer concerns to within two business days.	2 business days	2.8 business days	3.5 business days
We will answer 80% of telephone calls within 20 seconds or less.	80%	79%	73%

In their own words: Our customers describe their GO Transit experiences

A CASTLE ON WHEELS

"In front of me [on the train], there was a family with two young children who were active, exuberant and whose voices filled up the very quiet car. Upon arrival at [their] station, the Customer Service Ambassador [placed] the metal boards over the gap. The little girl asked what he was doing. This tall, broad-built and bearded man replied, 'Well, I'm lowering down the drawbridge so the princess can cross the moat and the alligators won't harm her.' She was thrilled with the answer and happily crossed the threshold to the station platform. I thought it was such a lovely and creative response that at my station stop, I lightly stepped on my drawbridge over the moat too! Customer experience isn't complicated. Sometimes, it is a simple statement that transforms the ordinary into a moving eight-car castle."

LOST & FOUND

"I exited the train … and had just started down the stairs when I realized I had left my handbag with wallet and credit cards on the train. The train was already leaving, so I immediately went to the ticket agent in the station and explained my problem. She contacted the train and found that my handbag had already been found by the Customer Service Ambassador and had been locked away for safekeeping. They made arrangements for my purse to be dropped off on the return trip … The ticket agent … made tea for me and supplied me with cookies, kept me informed of the train's progress, checked to see if I needed to notify anyone of my delay, and went with me to get my handbag from the CSA who remembered me. Both employees went above and beyond the call of duty."

BRAVING THE STORM

"It took me four hours to get home … and I am NOT writing to complain. I am writing to compliment the GO bus driver for the professional, courteous, intelligent, and caring way he managed a crisis. It was the first snowfall of the season … Roads were slippery and there were many accidents. When the bus driver arrived … at least 200 people were waiting, and he took the first 88 passengers (until the bus was filled to capacity). He then communicated with the people in line to let them know more buses were coming. On board, he announced the road and weather situation [and] the approximate time delay … During the trip he drove safely and calmly, and gave passengers ongoing updates on arrival times and road conditions, and took alternate routes to avoid the worst of the traffic blockages. His excellence in dealing with the crisis created an atmosphere of calm cooperation among passengers on the bus, and many people expressed their gratitude for his guidance. This could have been one of my worst GO Transit trips, and instead it turned out to be one my best."

PRESTO
10 PARTICIPATING TRANSIT SERVICES
1 SMARTCARD
PRESTO
Metrolinx's objectives for regional fare integration
Simplicity
Value
Consistency
PRESTO is the key that will unlock regional fare integration across the GTHA and in Ottawa – a priority in the Regional Transportation Plan because it is essential for seamless travel across multiple transit services and the successful implementation of GO Regional Express Rail.

PRESTO

In 2014–15, PRESTO continued the first phase of rolling out on the TTC at 15 subway stations and on five new streetcars, with platform payment devices in 10 locations along the 510 Spadina and 509 Harbourfront routes. We supported the launch with PRESTO ambassadors and information brochures, and we are working with the TTC on a plan to make all subways, buses and streetcars PRESTO-enabled by the end of 2016, subject to approvals.

To attract new customers, we and our transit service partners ran successful pilots at select Hamilton Fortinos stores and Union Station TTC pass vending machines, offering a $20 ready-to-use card.

Enabling better analysis and planning across the GTHA

Data about how travellers move across a transit network is immensely valuable for both congestion management and infrastructure planning. In July 2014, PRESTO launched an online data warehouse that is helping our partner transit agencies analyze ridership statistics while fully complying with the requirements of the Freedom of Information and Protection of Privacy Act.

milestone

In January 2015, we launched a more accessible PRESTO card. Incorporating feedback from the Metrolinx Accessibility Advisory Committee, the Canadian National Institute for the Blind and the PRESTO Panel, the new card includes a Braille "P," larger font size and more white space.

AT THE END OF 2014–15, PRESTO CARDS WERE WELCOME ON:

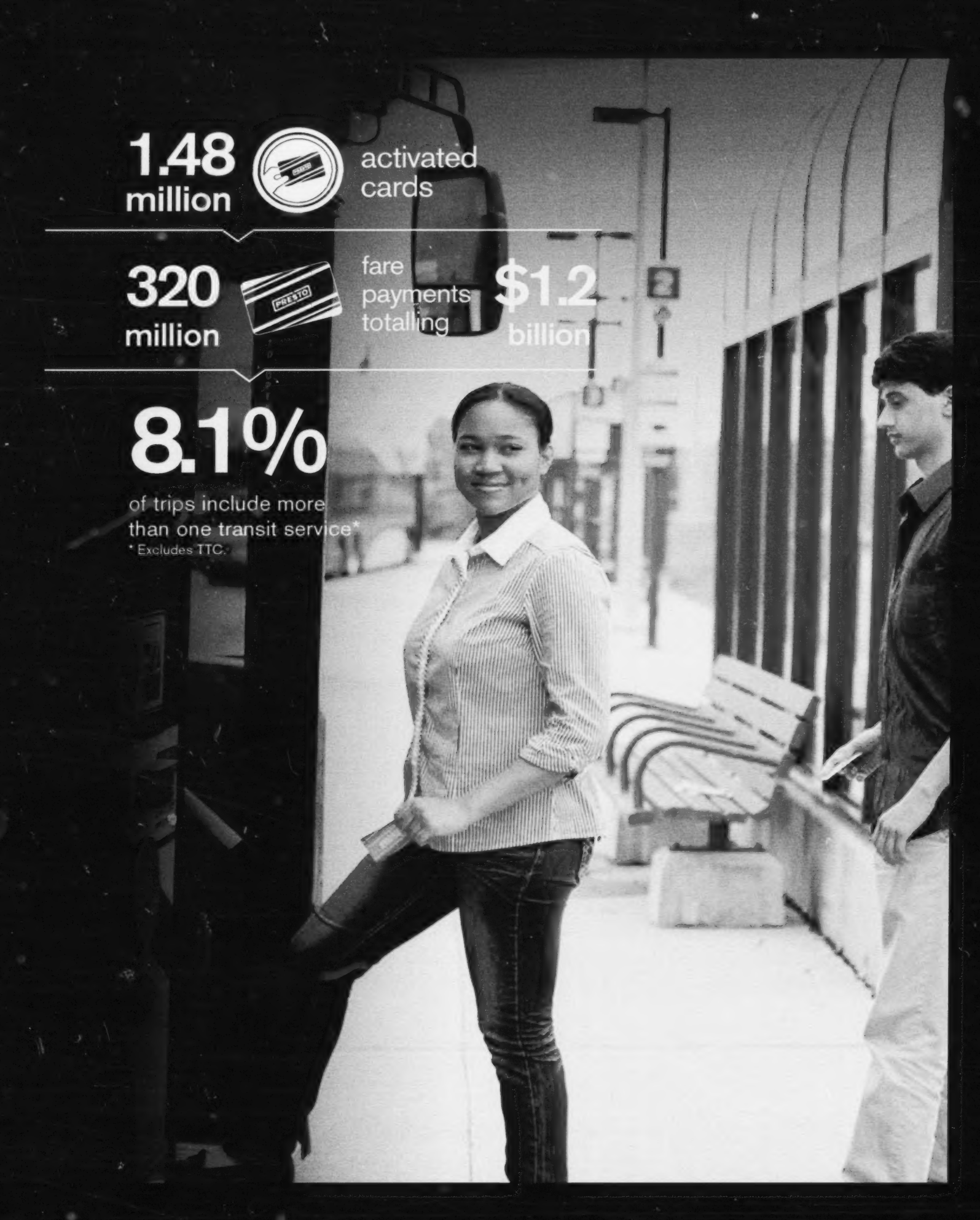
- Brampton Transit
- Burlington Transit
- Durham Region Transit
- GO Transit
- Hamilton Street Railway
- MiWay (Mississauga)
- Oakville Transit
- OC Transpo (Ottawa)
- Toronto Transit Commission (TTC) (select locations)
- York Region Transit/Viva

When UP Express launches in June of 2015, it will be PRESTO's eleventh participating transit service.

WHEN WE ASKED, OUR CUSTOMERS SAID:

- 76% agree PRESTO makes it easier to travel across transit systems
- 79% are likely to recommend PRESTO
- 91% are likely to continue using PRESTO
- 73% are satisfied with PRESTO overall

Source: 2014 Customer Satisfaction Survey


1.48 million
activated cards
320 million
fare payments totalling
$1.2 billion
8.1%
of trips include more than one transit service*
* Excludes TTC.

UP
UP
25
MINUTES
EVERY
15
MINUTES
UP
Union
Pearson
Express

Union Pearson Express

In July 2010, Metrolinx assumed responsibility for an ambitious project to build, own and operate an air-rail link between Union Station and Toronto Pearson International Airport completed in time for the Toronto 2015 Pan Am/Parapan Am Games. In 2014–15, the focus was on putting finishing touches on stations, tracks and trains in order to ensure UP Express would be ready to launch, on time and on budget, in the spring of 2015. By the end of the fiscal year:

- The flagship UP Express Union Station had 1,123 square metres of finished space over two levels, with direct connections to the downtown PATH system, GO Transit, TTC and VIA Rail
- Pearson Station had 808 square metres of finished space, located 28 metres above the ground
- The Bloor and Weston Stations had three 73 metre platforms under construction
- The tracks along GO's Kitchener line and the new elevated spur line were ready for UP Express trains
- Trains were delivered and tested along the route. Fully accessible, the Tier 4 diesel multiple units (DMUs) reduce emissions by 90 per cent and are the first of their kind in North America
- Crews and Guest Service Representatives were hired and underwent training
- A targeted marketing campaign was launched to build awareness and, ultimately, ridership for the new service.

In December 2014, a flexible fare structure was announced with a dedicated fare PRESTO customers. The pricing structure supports regional fare integration through PRESTO.

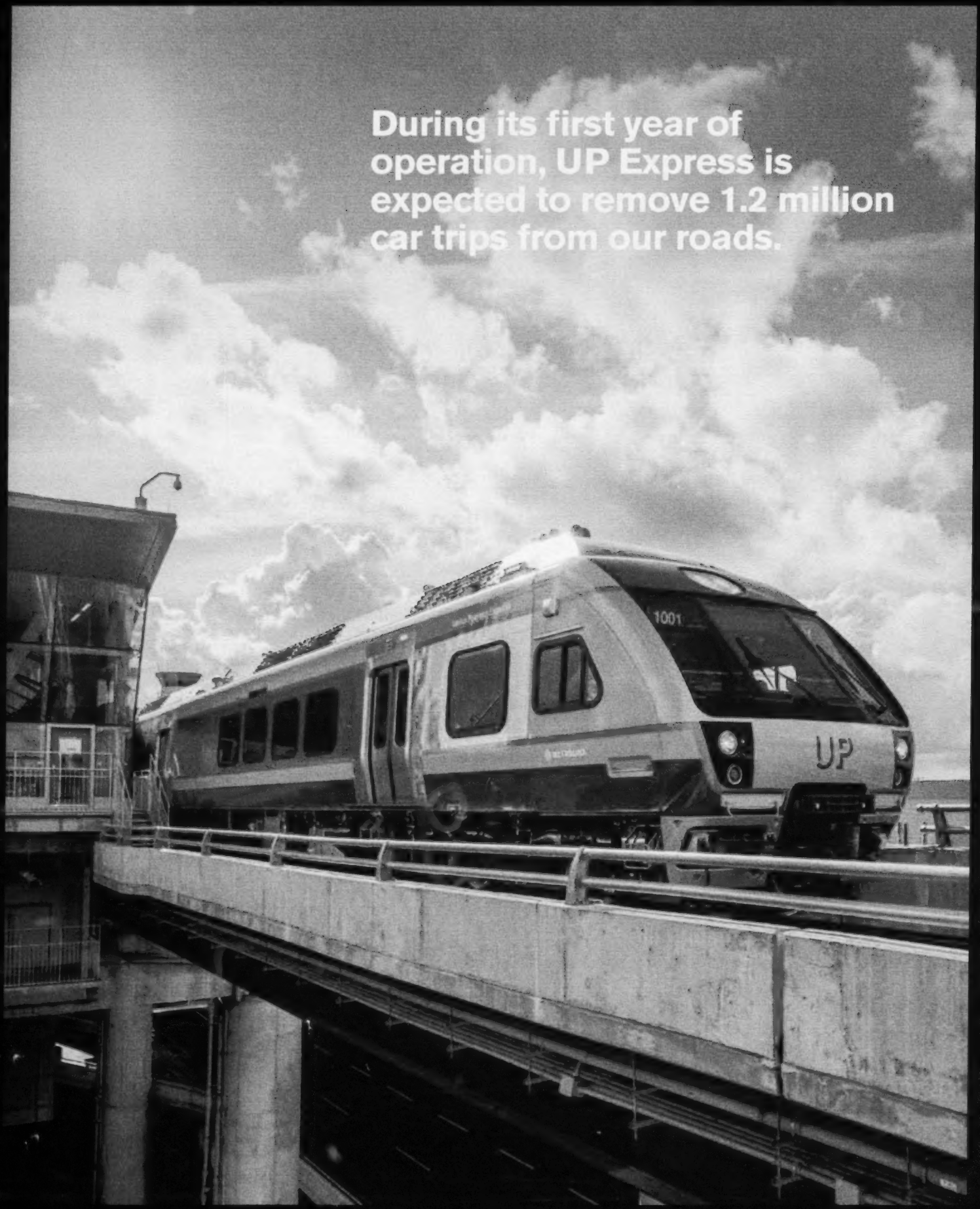
SETTING A NEW STANDARD FOR CUSTOMER SERVICE

After system and safety testing, Metrolinx ran UP Express through an intensive new process called Integrated Testing and Commissioning (IT&C). Twenty-six tests captured 300 service elements – from ticket purchase and interpretation services to WiFi and the contact centre – carefully evaluating each one through the customer's eyes.

milestone

Creating innovative strategic partnerships with business

In December, Metrolinx announced the first of several strategic partnerships with national and local companies, all designed to enhance the services and amenities offered to travellers. CIBC became the lead founding partner and will provide access to Canadian and foreign cash through multi-currency ATMs at Union Station and Pearson Station, sponsor the WiFi service on UP Express trains and at its stations, and host the CIBC UPstairs lounge at Union Station.


During its first year of operation, UP Express is expected to remove 1.2 million car trips from our roads.
1001
UP

Capital projects

Capital projects change the landscape and capture the imagination. A number of Metrolinx's major capital projects across the region are complete or near completion – while others have taken dramatic steps forward in the past year.

Step inside the new Union Station

In November 2014, the final panel was installed to complete the new glass roof over Union Station's train platforms. By the end of the fiscal year, finishing touches were being made to the new GO York Concourse. The 5,760 square metre space is almost twice the size of the existing Bay Concourse and will help get our customers where they're going, more quickly and more easily. Meanwhile, contracts have been awarded to upgrade the 80-year-old signaling system in the Union Station Rail Corridor – necessary to ensure GO Transit is ready to transport twice today's riders within the next 10 to 20 years.

Glide through Georgetown South

The GTS project provides infrastructure improvements along GO Transit's Kitchener rail corridor to meet existing ridership demand and future growth. Through track sharing, it also allows for the new UP Express service. All major components of the GTS project are now complete. This extensive transit expansion laid 60 kilometres of new track, removed seven street-rail crossings and one rail-rail crossing, widened or modified 16 bridges, poured more than 200,000 cubic metres of concrete, and installed an end-to-end signaling system. In the spring of 2014, Metrolinx and the City of Toronto's StreetARToronto (StART) began installing locally inspired public art at key GTS sites to beautify transit infrastructure and deter graffiti.

Speed past traffic on rapid transit

Several new segments of BRT – dedicated bus lanes separated from other traffic – opened in the last fiscal year across the GTHA, including:

- York Region's Viva BRT Highway 7 East Rapidway from Highway 404 to South Town Centre Boulevard and another segment from Bayview Avenue to Warden Avenue
- Durham Region's DRT Pulse bus-only lanes in Ajax
- Mississauga Transitway's first phase, with stops at the new Central Parkway, Cawthra, Tomken and Dixie stations.

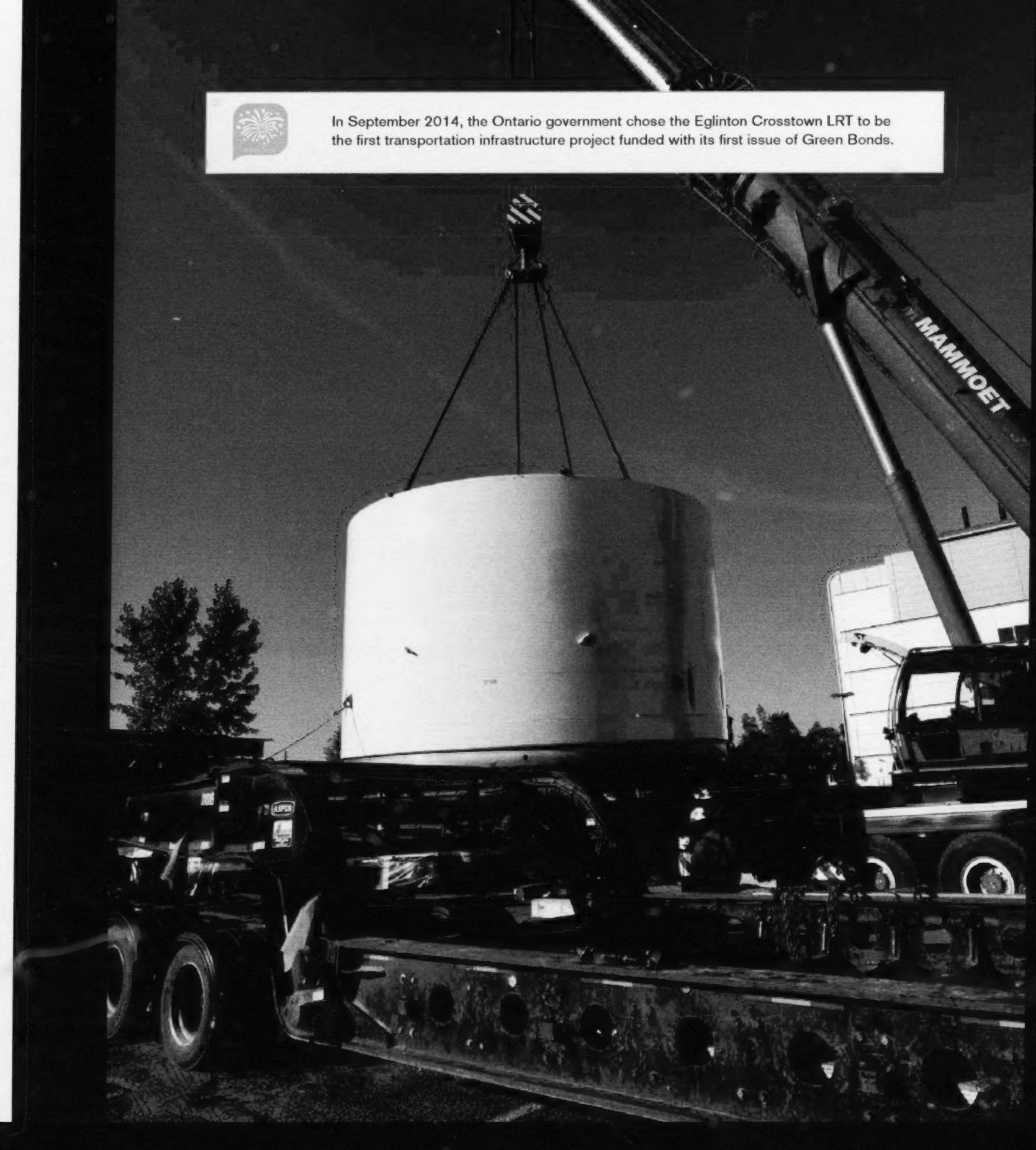
Average travel time decreased by 35% from September 2013 to September 2014 for Viva passengers along Highway 7 between Bayview and Highway 404. Ridership on Viva increased by 10% during the same period between Bayview and Town Centre Boulevard.

Meanwhile, the Hurontario-Main light rail transit (LRT) project, a 23-kilometre route that will provide a key north/south transportation connection from Port Credit to downtown Brampton, completed environmental assessment and progressed to project planning with the cities of Mississauga and Brampton.

See the future tunnel into view along the Eglinton Crosstown route

Currently the largest transit expansion project in the history of Toronto, the Eglinton Crosstown LRT line will run across Eglinton Avenue between Mount Dennis and Kennedy Station. This 19-kilometre corridor will include a 10-kilometre underground portion, between Black Creek Drive and Brentcliffe Road.

The Crosstown's tunnel boring machines reached Allen Road in January 2015, marking the halfway point of the tunneling project's western segment between Black Creek and Yonge Street.



In September 2014, the Ontario government chose the Eglinton Crosstown LRT to be the first transportation infrastructure project funded with its first issue of Green Bonds.

GO Regional Express Rail will transform travel across the GTHA within 10 years

Part of the Ontario government's Moving Ontario Forward program, GO RER is a major new initiative started in 2014–15 that will bring faster and more frequent service on GO Transit's rail network with electrification of core segments of the network. Service will operate as frequently as 15 minutes in core areas. GO RER will build on work GO has already done, such as expanding its fleet and introducing 30-minute service on the Lakeshore East and West lines, Georgetown South's infrastructure advances and the environmental assessment for electrification of UP Express's power supply and distribution.

In 2014–15, Metrolinx worked to define the project's scope, including developing a service concept, infrastructure plan, phasing plan and engagement plan. GO RER will require:

- Up to 500 kilometres of overhead catenary
- Approximately 150 kilometres of new tracks
- Up to 60 station renovation projects
- Up to 130 bridge expansions
- Approximately 19 rail-road and rail-rail grade separations

WHY ELECTRIFY?
Faster acceleration and deceleration
Lower operating costs
A reduction in greenhouse gas emissions

500 km overhead catenary

150 km new tracks

60 station renovations

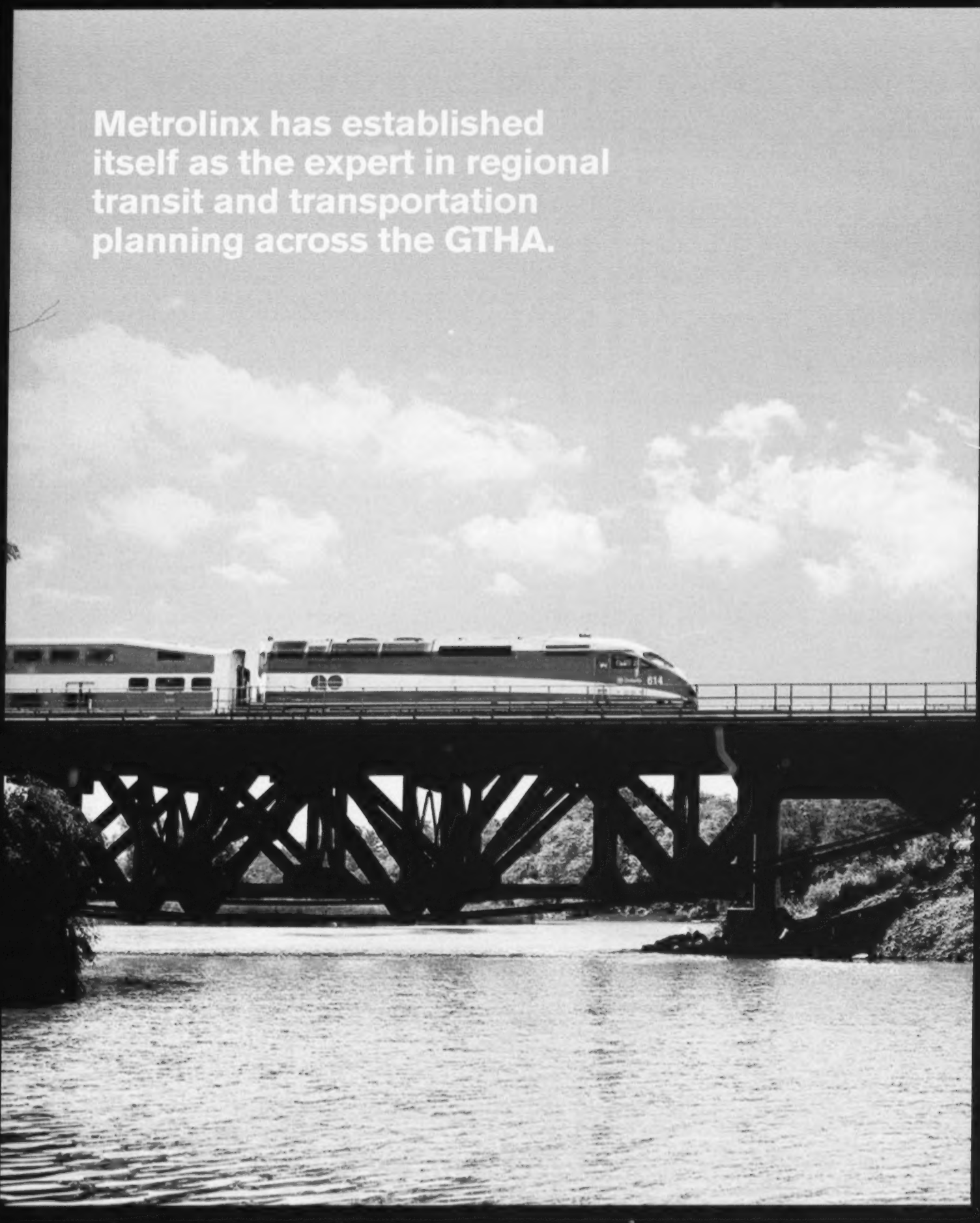
130 bridge expansions

19 grade separations

Metrolinx is supporting GO RER with construction projects such as the East Rail Maintenance Facility, with the winning bidder selected in March 2015, and the addition of a second track to double capacity along parts of the Stouffville and Barrie corridors, announced in February and March 2015, respectively. Environmental assessments have been initiated to evaluate the impacts of system-wide electrification and a third track on the Lakeshore East line between Guildwood and Pickering GO stations.

We are also working closely with the City of Toronto, TTC and Ontario Ministry of Transportation to identify opportunities to integrate planning for GO RER with the City's SmartTrack plan. SmartTrack proposes to build on the enhanced service GO RER will bring to Toronto communities along portions of the Stouffville, Lakeshore East and Kitchener lines. We are developing a comprehensive plan to engage other municipalities, local transit agencies, industry stakeholders such as CN, CP and VIA, community members and the public in this transformational plan.

Metrolinx has established itself as the expert in regional transit and transportation planning across the GTHA.



Regional leadership & planning

In 2014–15, we worked closely with other transit and transportation agencies to improve regional travel through such initiatives as:

- A Memorandum of Understanding signed by eight paratransit agencies, which eliminates the need for mobility aid users to apply for eligibility with each agency they use, promoting easier and more convenient cross-boundary travel
- The Yonge Relief Network Study, targeting completion in summer 2015, which is looking at regional network options for relieving congestion on the Yonge subway line
- Triplinx, the new online transit travel information system for the region developed in collaboration with 10 of the region's transit agencies and launched by Metrolinx on March 31, which offers trip plans, schedules and transit stop locations and will include Toronto 2015 Pan Am/Parapan Am Games event information

Metrolinx and its operating divisions worked with transportation delivery partners across the region, guided by the Ministry of Transportation and Toronto 2015, and are prepared to welcome athletes and visitors to the Toronto 2015 Pan Am/Parapan Am Games being held in July and August. Metrolinx's roles for the Games include:

- Developing a transportation service plan to accommodate spectators travelling to event venues across the region on GO Transit while maintaining services for existing customers
- Leveraging the scale and visibility of the Games to generate awareness and use of UP Express by visiting spectators, media and sports federation participants
- Providing transportation planning information and resources to help residents and businesses navigate changes to the region's transportation network during the Games

milestone

In early 2015, GO Transit teamed up with the TTC on a fare integration pilot, offering TTC Metropass holders an opportunity to purchase a $60 sticker providing unlimited train travel between GO Transit's Exhibition, Union and Danforth stations.

ttc.ca

gotransit.com

We developed GO Transit Design Excellence Guidelines that will apply to new and renovated stations, bus terminals and parking garages.

Making rail travel safer

We are leading the way on rail safety, implementing a Rail Safety Agenda for 2014–15 that included:

- Conducting a Positive Train Control feasibility study
- Assessing risk and developing an action plan for dangerous goods moving along Metrolinx-owned railway corridors
- Reviewing train crew work-rest policies to reduce split shifts
- Developing a bridge safety management system
- Updating the rail corridor safety management system
- Assessing safety at level crossings and continuing to advance grade separations.

In the summer of 2014, we launched GO Safe, an online training program for all contractors and staff who work near the rail corridor. In addition, we initiated several pilot rail safety initiatives this year, including high fencing in Burlington and Oakville, an embankment failure monitoring project and an advance train warning program for platform workers.

Transforming transit procurement

Metrolinx's Transit Procurement Initiative (TPI) is helping small and medium-sized Ontario municipalities save money and improve quality through group purchases. In October 2014, TPI announced a partnership with 13 municipalities to purchase 203 fully accessible buses – saving the municipalities an estimated 4.5 per cent, or a total of $4 million. In March 2015, TPI facilitated the purchase of a further 86 fully accessible buses for 13 municipalities

Mandating design excellence

Metrolinx's commitment to design excellence builds on our tradition of high competence in technical and functional design by adding insights from disciplines such as architecture, urban design and landscape architecture.

In 2014–15, the Metrolinx Design Review Panel of external experts reviewed eight projects, providing focused, constructive feedback. During the year, we developed GO Transit Design Excellence Guidelines that will apply to new and renovated stations, bus terminals and parking garages. We also developed guidelines to ensure design excellence principles are incorporated into third-party development proposals integrated with transit infrastructure along routes for the Eglinton Crosstown and future rapid transit projects.

Through the Regional Wayfinding Harmonization initiative, work progressed on establishing common regional standards for transit information such as maps, signage, logos and symbols in consultation with all GTHA transit agencies. In March 2015, we sought feedback from the public on two design options.

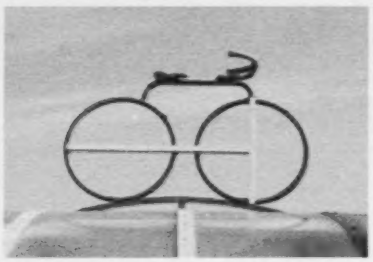
BUILDING A CULTURE OF INNOVATION

In May 2014, Metrolinx hosted a summit on "Building a Culture of Innovation in the Public Sector" at which executive-level participants from a variety of organizations discussed ways to foster a culture of innovation, including collaboration, measured risk management and building on the new Metrolinx values. The process resulted in the identification of barriers, strategies and concrete actions, which are now being implemented at Metrolinx.

Sustainability

Sustainability is a major pillar of the Regional Transportation Plan and the Metrolinx mandate, and our Five-Year Strategic Plan commits us to achieving progress towards sustainability. To formalize our commitment to this goal and to provide external validation of our efforts, in May 2014 we became a Pledge Signatory to the International Association of Public Transport's Sustainability Charter, the first key milestone towards achieving Full Signatory status – which we aim to do by 2016. We are also working towards the American Public Transportation Association's Sustainability Commitment Gold status by 2017, or sooner.

Metrolinx is working to integrate sustainability into every aspect of how we do business, and has established a dedicated sustainability team to lead this work. A Metrolinx Green Team was formed, engaging more than 200 sustainability champions across the organization. The sustainability team also took steps to engage stakeholders, customers and employees in the development of a strategic framework for sustainability. The framework will track and report on the social, economic and environmental impacts of our business and create an action plan to improve performance on defined sustainability metrics.



Inspiring change

Smart Commute, our program designed to inspire GTHA residents to explore different commute choices such as carpooling, cycling and transit, reduces single-occupancy vehicle travel by 40 million kilometres annually and generates net economic benefits of more than $55 million annually. By the end of 2014, Smart Commute's membership included 340 workplaces with more than 730,000 commuters. Events in 2014–15 included Bike to Work Day, Smart Commute Week and Carpool Week. In addition, Metrolinx launched a new online ride-match tool in September 2014 to help GTHA residents taking similar trips to form carpools. Metrolinx is a member employer, ensuring our own employees explore new options for commuting to reduce traffic.

Metrolinx is also taking a leadership role in promoting active and sustainable school travel, developing an implementation plan and preparing to work with school boards, municipalities, parent associations and provincial ministries to explore policy, planning and programming that can encourage more children to walk or cycle to school.

A key focus of Smart Commute's 2014–15 efforts was initiation of the Toronto 2015 Pan Am/Parapan Am Games Transportation Demand Management Business Engagement Strategy in partnership with the Ontario Ministry of Transportation and Toronto 2015.

GO station access options

46 stations

470 DESIGNATED CARPOOL SPOTS

8 stations

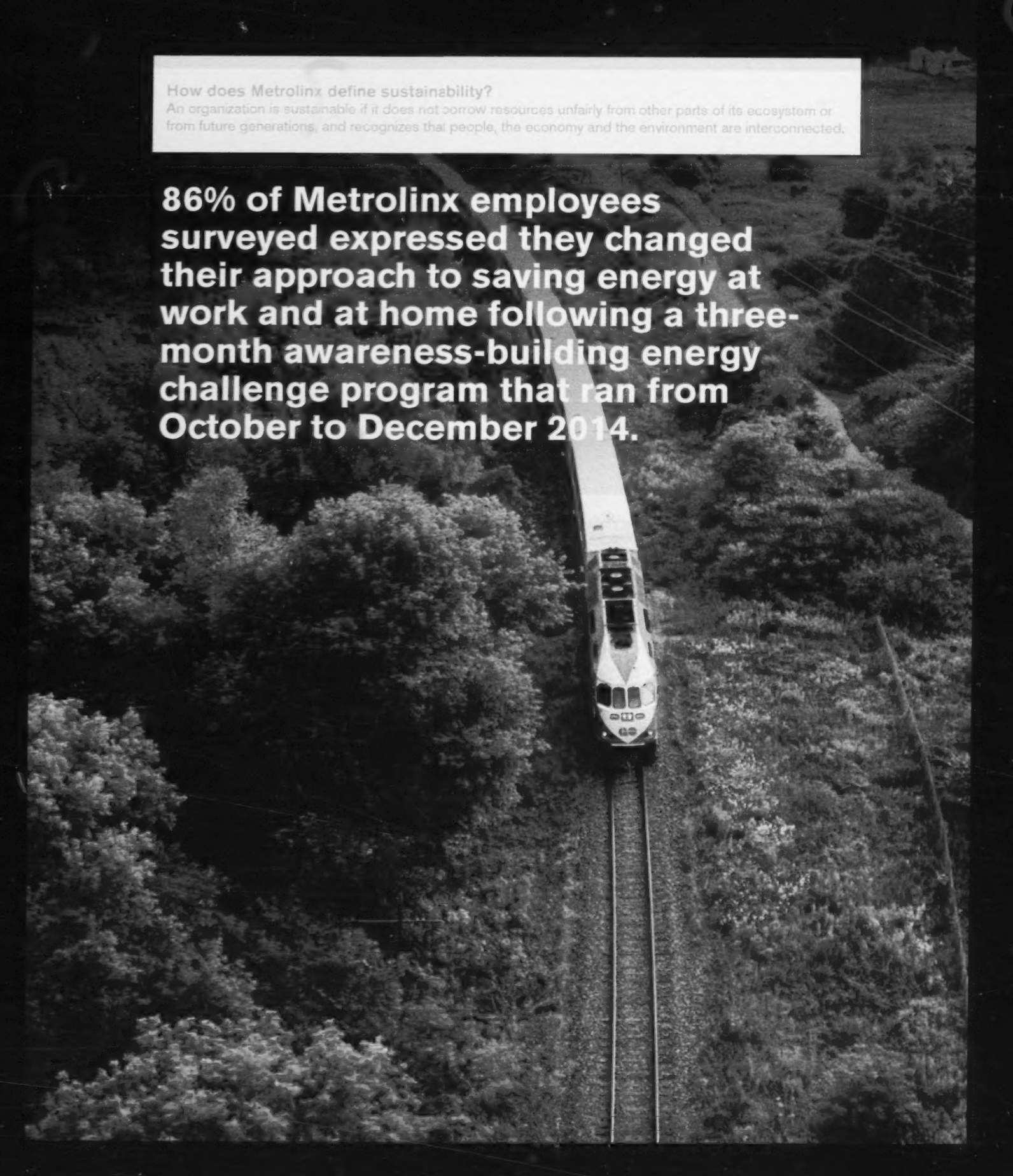
SECURE BICYCLE PARKING FACILITIES

ELECTRIC VEHICLE CHARGING

20 stations

6 stations

ZIPCAR RENTAL



How does Metrolinx define sustainability?

An organization is sustainable if it does not borrow resources unfairly from other parts of its ecosystem or from future generations, and recognizes that people, the economy and the environment are interconnected.

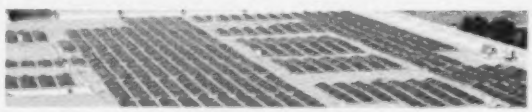
86% of Metrolinx employees surveyed expressed they changed their approach to saving energy at work and at home following a three-month awareness-building energy challenge program that ran from October to December 2014.

GO Transit, responsible for 95 per cent of Metrolinx's energy consumption, was the focus of an energy management program initiated in 2013 that is already saving the organization an estimated $1.5 million annually. Some examples of actions taken in 2014–15 by our GO Transit energy teams are:

- Introduced new software to monitor locomotive fuel use and idling, resulting in a 66 per cent reduction in excess idling
- Refined temperature and lighting control settings in bus maintenance facilities to better match patterns of building use
- Installed LED parking lot lighting at 23 GO Transit stations

In 2014–15, Metrolinx launched a program to match construction projects with excess soil to projects requiring fill soil. We brought soil from the new Hamilton GO Station construction project to the Aldershot GO Station parking lot expansion project, saving both projects money and keeping about 60,000 m^3 of usable soil out of landfill.

Two GO stations – Oakville and Ajax – began generating solar power in 2014–15. In total, Metrolinx has about 1,000 kW of solar power generating capacity at three stations and one bus maintenance facility.



Outreach & engagement

To build a transit and transportation network that meets today's and tomorrow's needs, we must consult with stakeholders and the public – listening, learning, informing and engaging through face-to-face meetings, traditional media and social media.

One of this year's biggest achievements was the completion of all major components of the GTS project. A final step for the project was to install security fencing and 10 kilometres of noise walls designed in partnership with the communities along the route through eight noise wall community advisory committees. We procured public art, with community guidance, to beautify transit infrastructure along the rail corridor.

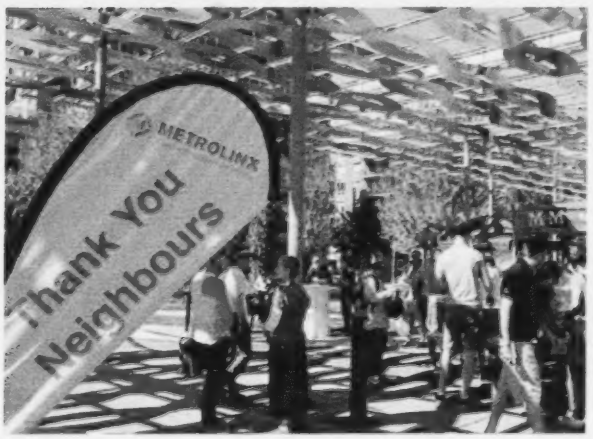
We also developed a "thank you" campaign to recognize the patience and support of our neighbours as we completed major infrastructure development to expand transit in the region.

To support ongoing work on the Eglinton Crosstown LRT, the Crosstown Community Relations Team opened a second community office along the eastern portion of the route and hosted more than 100 public meetings and community outreach events. These included a series of tele-town hall sessions with thousands of participants who live and work along the tunneled segment of Eglinton tuning in to ask questions and get more information about the project. The Crosstown is the first Metrolinx project to include a Community Benefits Framework – to be built into every major infrastructure project going forward – that helps to ensure nearby communities benefit from employment, apprenticeship and local supplier opportunities, where possible.

During the year, we held public consultation meetings for projects across the GTHA, including the Yonge Relief Network Study in Toronto, the new GO station and Lewis Road rail layover facility in Hamilton, the Kitchener corridor expansion in Georgetown, the Stouffville corridor environmental assessment in Scarborough and Markham, and the Lakeshore East transit project assessment process in Scarborough and Pickering.

In April 2014, we launched an interactive project map at metrolinx.com to highlight achievements on major infrastructure improvement projects, including UP Express, GO Transit, Union Station, Rapid Transit and the Yonge-University-Spadina Subway.

The GO Transit mobile website launched in September 2014, and attracted 275,000 users and 1.2 million page views in its first month.



Building social media engagement

Social media is proving to be an increasingly effective way for Metrolinx to connect with its audiences. "Ms. Snooze," the first video in a six-month campaign launched in January 2015, generated more than 25,000 Twitter engagements and nearly two million Facebook impressions within two weeks. By implementing a coordinated social media strategy across Metrolinx's divisions, we have attracted:

17,000 FOLLOWERS
twitter.com/Metrolinx

2,100 FOLLOWERS
instagram.com/Metrolinx

13,400 LIKES
facebook.com/Metrolinxofficial

2.1 MILLION VIEWS
flickr.com/Metrolinx

ENGAGING METROLINX STAFF

Metrolinx worked with a Toronto-based technology startup, Soapbox, to reinvent its idea submission and management system, building on our values of Play as a Team, Think Forward and Serve with Passion. The system engages the entire Metrolinx workforce through a social media-like interface to submit, vote and comment on concrete ideas to improve the way we deliver projects and serve customers. By March 2015, there were 1,398 active users in the system and 770 ideas proposed, 48 of which have already been fully implemented.

RW
&CO

Awards & recognition

Metrolinx
Winner, Greater Toronto's Top Employers
Canada's Top 100 Employers

Metrolinx
Winner, Canada's Top Employers for Young People
Canada's Top 100 Employers

Metrolinx
Winner, Excellence in Corporate Responsibility
Green Living Enterprises and Canadian Business for Social Responsibility

Metrolinx
Winner, Award for Strong Commitment to Social Good While Protecting the Environment by Promoting the Re-use of Technology | Green4Good

UP Express
Winner, Concept of the Year
Winner, Project of the Year
Global Air Rail Alliance

GO Transit
Winner, 2014 Best Practice
Institute of Transportation Engineers Parking Council

VivaNext Rapidway
Winner, 2014 Project of the Year for transportation projects over $75 million
American Public Works Association

Metrolinx Values

Serve with Passion

We put our hearts and minds into service excellence for our customers and each other.

Think Forward

We embrace change and create new ideas.

Play as a Team

We work together in a spirit of trust and respect.

METROLINX

Management Discussion & Analysis

Leveraging expertise in project management and public transportation, Metrolinx continued to implement its mandate of providing mobility solutions for the Greater Toronto and Hamilton area. Key milestones were met in the fiscal year and include: First Wave projects including the Union Pearson Express (UP Express), Union Station Revitalization, Georgetown South, York Region vivaNext Rapidways, and Eglinton Crosstown LRT.

Phase 1 of the PRESTO fare system implementation on the Toronto Transit Commission (TTC) was completed covering four streetcar routes and 26 subway stations. Metrolinx continued its emphasis on increasing GO ridership and expanding services. GO Transit ridership (as measured by boardings) grew by 4.0% in 2014-15 and is expected to reach 3.2% growth in 2015-16.

Implementation and delivery of key upcoming 2015-16 initiatives and milestones will have continued impact on all critical aspects of impact on Metrolinx operations.

The UP Express, a key initiative, aims to provide quick and reliable transportation solutions for customers to travel between the Toronto Pearson International Airport and the Union Station.

The Government's recent commitment and approved funding for Regional Express Rail (RER) is expected to strategically impact the frequency and efficiency of GO Transit trains across the GTHA.

RER is expected to double peak service and quadruple non-peak service compared to today and in some cases reduce journey times on a number of routes. PRESTO card services will be expanded to cover the entire TTC network by the end of 2016.

Photo by Rick Radell

Corporate Performance

Metrolinx revenues comprise of commuter, PRESTO and non-fare revenues. Net loss represents the excess of operating expenses, including amortization, over revenues earned in the year. The net loss for the year of $17.8 million was slightly higher than the 2013-14 actual loss of $16.9 million and the 2014-15 budgeted loss of $15.5 million.

The following table summarizes the consolidated revenues, operating costs, and ridership (as measured by boardings) for Metrolinx and all its operating divisions (GO Transit, PRESTO, UP Express) for fiscal year ending 2014-15, the three prior fiscal years and the 2014-15 Budget.

Summary of Corporate Performance *(rounded to '000)*	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2014-15 Budget
Operating Costs	475,261,000	524,271,000	611,830,000	691,685,000	684,604,000
Commuter Revenue	338,075,000	357,333,000	393,574,000	437,939,000	432,797,000
Non-fare Revenue	25,201,000	25,088,000	26,182,000	25,414,000	27,598,000
PRESTO Revenue	832,000	9,338,000	18,769,000	9,871,000	12,952,000
Ridership	62,217,000	64,688,000	66,055,000	68,695,000	68,493,000

Note:
1) Fare integration expense has been reclassified as revenue offset to commuter revenue
As a result, commuter revenue and rail and bus operations have been adjusted accordingly for fiscal years 2011-12 to 2014-15

2) Non-fare revenue for 2011-12 has been restated to include interest income received in 2012-13 relating to these prior periods

Future Accounting Standards

The Public Sector Accounting Board (PSAB) prescribes the accounting standards for the public sector, including not for profit organizations such as Metrolinx. In the last year, PSAB has released several accounting standards that may have implications on Metrolinx operations, capital investment decisions and reporting of financial results. Metrolinx will be evaluating the guidance and merits of the standards and will also be making recommendations to PSAB.

Accounting standards that are expected to have implications on capital funding, recognition of revenues and capital assets among others include: the Conceptual Framework, Assets, Contingent Assets and Contractual Liabilities, Government Transfers, Related Party Disclosures and Inter-Entity Transactions.

Metrolinx implemented the accounting standard on contaminated sites during the fiscal year ending March 31, 2015. A complete inventory of all land holdings was developed and assessed for under the standard. In the first year of implementation, there were no liabilities reported under the standard.

Financial Report

The following discussion and analysis of the financial condition and results for Metrolinx should be read in conjunction with the audited financial statements and related notes for the fiscal years ended March 31, 2012 (fiscal 2011-12), March 31, 2013 (fiscal 2012-13) March 31, 2014 (fiscal 2013-14) and March 31, 2015 (fiscal 2014-15).

Financial Report (rounded to '000)	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2014-15 Budget	Variance
Revenue						
Commuter revenue*	338,075,000	357,333,000	393,574,000	437,939,000	432,797,000	5,142,000
Non-fare revenue	25,201,000	25,088,000	26,182,000	25,414,000	27,598,000	(2,184,000)
PRESTO revenue	832,000	9,338,000	18,769,000	9,871,000	12,952,000	(3,081,000)
UP Express revenue	-	-	-	1,512,000	3,000,000	(1,488,000)
Provincial contributions***	92,110,000	120,538,000	161,480,000	190,440,000	196,258,000	(5,818,000)
Federal Contributions	151,000	-	-	-	-	-
Amortization of deferred capital contributions	245,770,000	244,387,000	291,147,000	350,331,000	341,410,000	8,921,000
Gain (loss) on disposal of capital assets	1,130,000	417,000	246,000	10,817,000	-	10,817,000
Total Revenues	703,269,000	757,101,000	891,398,000	1,026,324,000	1,014,015,000	12,309,000
Expenditures						
Supplies and services	25,569,000	24,128,000	34,466,000	35,244,000	24,810,000	10,434,000
Equipment and maintenance	60,511,000	60,625,000	73,804,000	77,841,000	76,063,000	1,778,000
Facilities and track	69,196,000	77,053,000	88,350,000	95,280,000	97,839,000	(2,559,000)
Labour and benefits**	170,623,000	194,231,000	212,536,000	234,307,000	230,331,000	3,976,000
Rail and bus operations	129,388,000	138,346,000	156,383,000	165,485,000	169,335,000	(3,850,000)
PRESTO operating division	19,588,000	29,436,000	37,118,000	64,535,000	65,893,000	(1,358,000)
UP operating division	386,000	452,000	9,174,000	18,993,000	20,333,000	(1,340,000)
Amortization of capital assets	253,024,000	249,730,000	296,198,000	352,125,000	344,594,000	7,531,000
Amortization of long-term leases	327,000	327,000	327,000	327,000	327,000	-
Total Expenditures	728,612,000	774,328,000	908,356,000	1,044,137,000	1,029,525,000	14,612,000
Net Income (Loss)	(25,343,000)	(17,226,000)	(16,958,000)	(17,813,000)	(15,510,000)	(2,303,000)

Note:

*** Fare Integration expense has been reclassified as a revenue offset to commuter revenue. As a result, commuter revenue and rail and bus operations have been adjusted accordingly for fiscal years, 2011-12 to 2014-15**

**** 2012-13 Actual includes long-term accruals for post-employment benefits which are not funded**

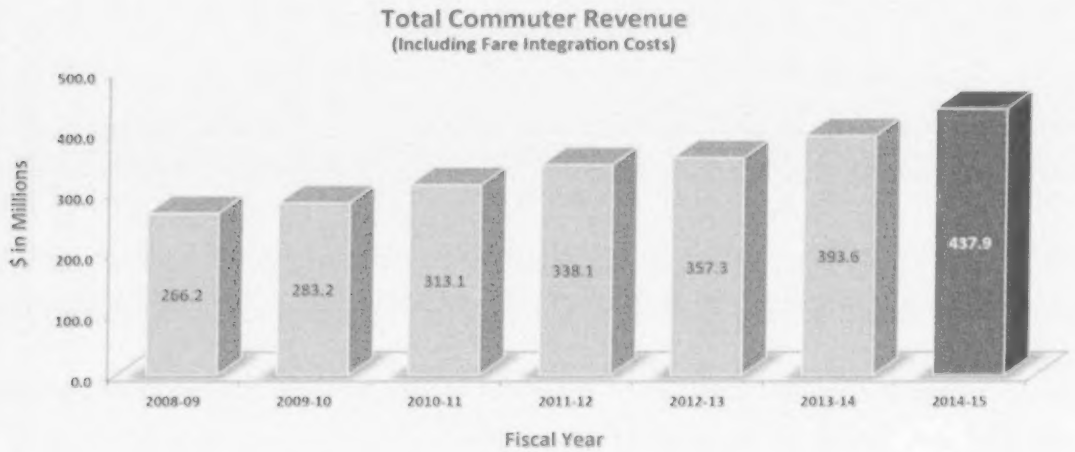
***** Interest income has been amended to include interest received in 2012-13 relating to prior periods**

Revenues

Commuter revenues

Metrolinx commuter revenue continued making strong gains in 2014-15, increasing to $437.9 million compared to prior year's $393.6 million. The 11.3% increase in commuter revenue was driven by a fare increase and higher ridership levels. The year over year revenue growth was strong, the result was $5.1 million or 1.2% over budget as actual ridership continued to grow.

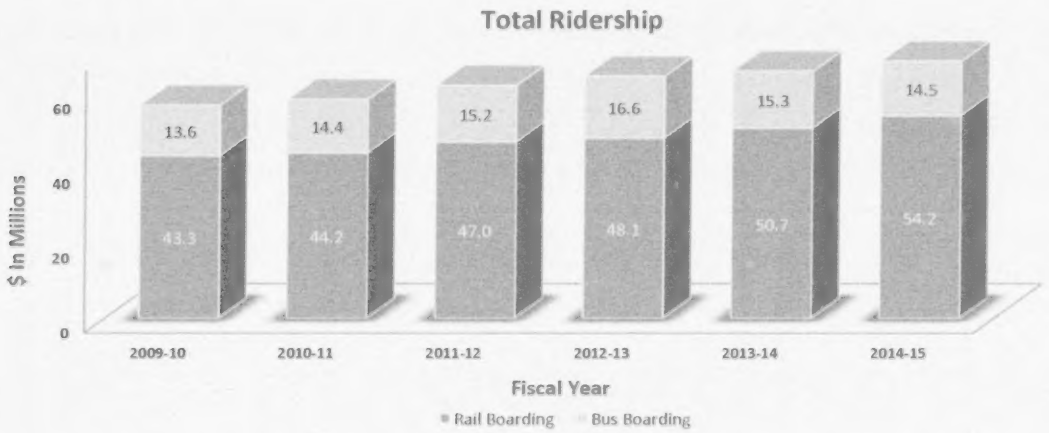
In the seven year period from fiscal 2008-09 to 2014-15, commuter revenue has increased at a compounded annual growth rate of 7.4%.



Ridership

Metrolinx ridership (as measured by boardings) continues to represent a solid increase in the corporation's customer base. Ridership increased in 2014-15 to 68.7 million (4.0%) from the $66.0 million reported in 2013-14. Ridership for the fiscal year was $0.2 million or 0.3% over budget. Growth on the rail system was very strong at 6.8%, while the rationalization of bus service in Durham Region with the shift of some services to Durham Region Transit was the primary reason for the drop in bus boarding of 5.1%.

In the six year period from fiscal 2009-10 to 2014-15, ridership increased at a compounded annual growth rate of 3.2%.



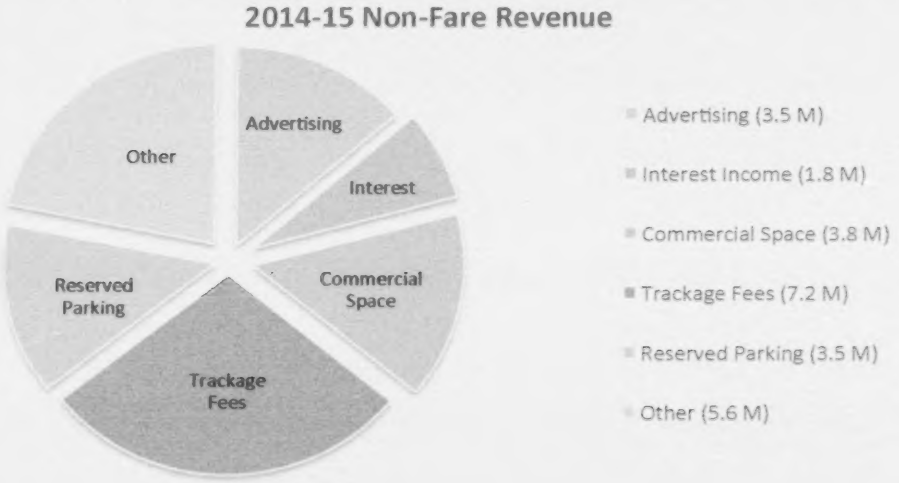
Non-fare revenues

With UP Express, Metrolinx has developed a number of strategic partnerships and signed agreements with partners in industry sectors including financial services, information and technology, retail and consumer electronics, to help deliver value for money and increase non-fare revenues.

Non-fare revenues were $25.4 million in 2014-15 in comparison to $26.2 million (excluding gain/ loss on sale of capital assets) in 2013-14.

Photo by Tom Arban

The following chart shows the components of non-fare revenues for the fiscal year ending March 31, 2015.



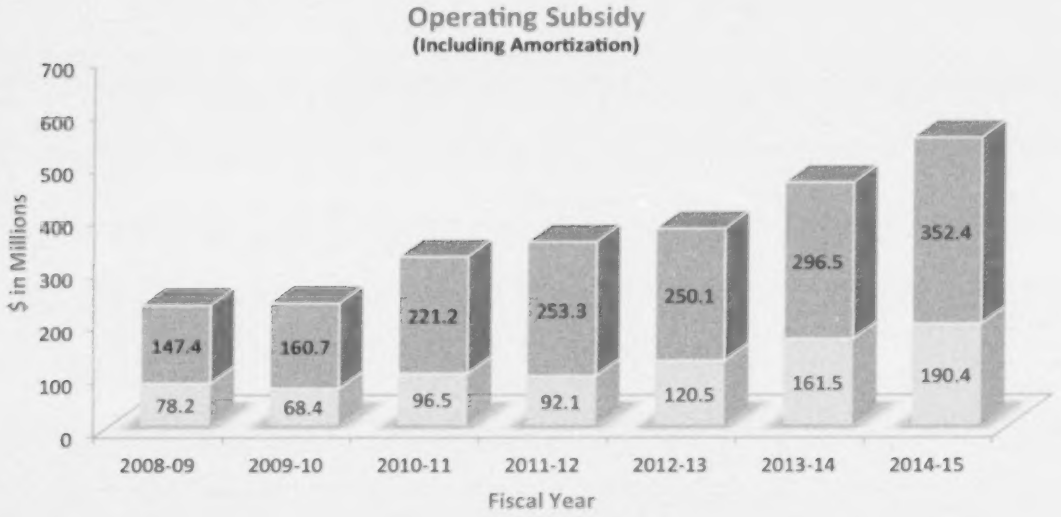
Government Funding

Operating Subsidy

Metrolinx received approximately $190.4 million in operating subsidies from the Province of Ontario, of which $64.5 million was allocated to the direct costs of PRESTO operations and $19.0 million to the direct costs of UP Express.

Operating subsidies from the Province have increased steadily over the last seven years. Amortization has been fully funded by the Province. Implementation of many of the commitments made under the Regional Transportation Plan have required an increase in operating dollars as new business segments such as PRESTO and UP Express were created and are now operational. Amortization expense for the year was $352.4 million or 7.8 million over the budget of $344.6 million, primarily due to more projects coming into service during the fiscal year.

The increase in mid-day and weekend GO Transit service also drives the increase in operating subsidies. Operating subsidies from the Province increased at a compounded annual growth rate of 13.6% each year. No municipal subsidies were received over the last ten years and federal subsidies over the last ten years were: $177,000 (2010-11) and $151,000 (2011-12).

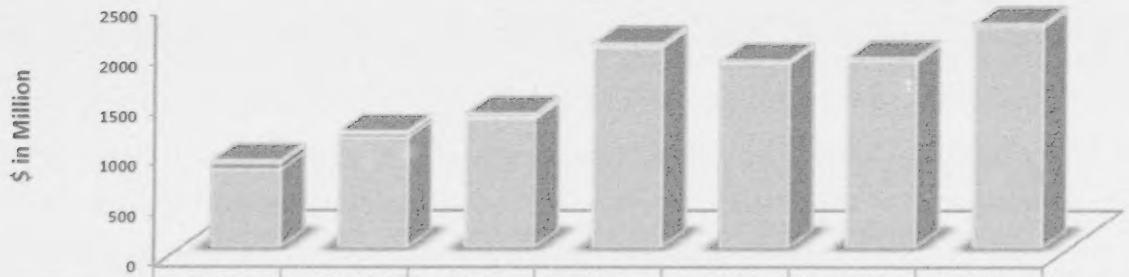


Capital Subsidy

Capital investments increased to $2,238.1 million in 2014-15 from $1,973.5 million in 2013-14. Funding from the Province of Ontario totaled $2,203.1 million for 2014-15. Metrolinx also received capital funding from the federal government of $28.4 million and $6.5 million from municipal governments. Federal funding was received from two programs, the Canada Strategic Infrastructure Fund (CSIF) and the Bus Rapid Transit (BRT) program. 2014-15 is the first year for CSIF contributions towards the PRESTO implementation for the TTC.

Significant ongoing capital investments during the year include: completion of UP Express construction; a wide variety of GO Transit improvements, and advancing construction of priority rapid transit projects consistent with the Regional Transporation Plan, including the Eglinton Crosstown LRT.

Capital Subsidy



	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Municipal	32.7	24.4	29.2	30.2	27.9	33.3	6.5
Federal	60.2	37.4	24.6	10.6	4.7	2.7	28.4
Provincial	769.0	1,095.0	1,280.5	1,997.9	1,835.8	1,858.5	2,203.1

Fiscal Year

Operating Costs

Operating costs for the year were $691.7 million or $7.1 million (1.0%) over the budget of $684.6 million.

Labour & Benefits

Labour and benefits were approximately $4.0 million (excludes unfunded accruals) over budget primarily due to additional rail crews that were hired mid-year and training for future GO service. Also, the budget does not include long-term accruals for post-employment benefits which are funded on a pay as you go basis.

Equipment & Maintenance

Equipment and maintenance costs was approximately $1.8 million over budget driven by an increase in the costs in consumables related to the new thirty minute service on the Lakeshore lines and the repair of rail cars damaged in the July 2013 flood.

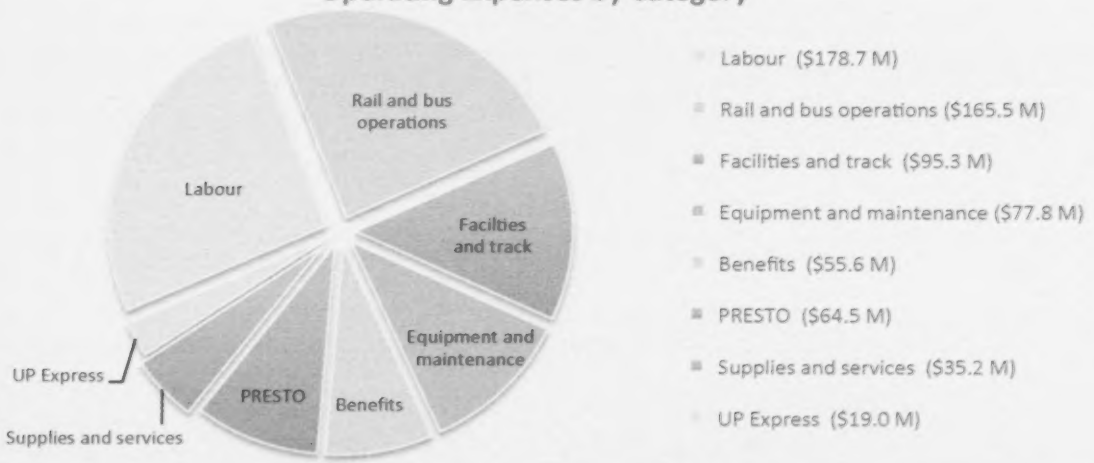
UP Express Operations

The UP Express program was formally initiated in fiscal 2011-12 as it began its business and capital planning to be in-service for the 2015 Pan Am and Parapan Am Games. Operating expenses were approximately $1.3 million under budget as some marketing costs were deferred to 2015-16 to cover advertising of UP Express as the service goes live in June 2015.

PRESTO Operations

PRESTO operations were approximately $1.4 million under budget as staff vacancies have been higher than expected and there was a reduction in professional services.

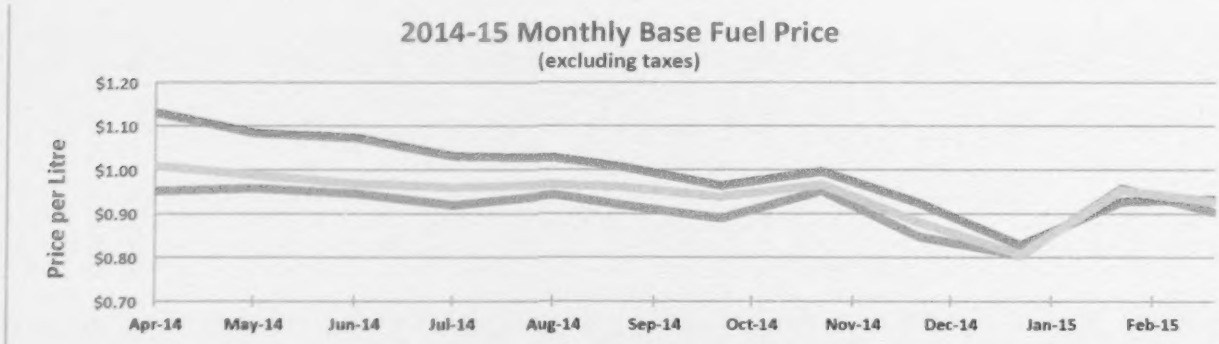
Operating Expenses by Category



Rail & Bus Operations

Rail and bus operations' actual operating expenses were approximately $3.9 million under budget primarily due to lower fuel costs. This was offset by higher crew costs and higher wayside power costs. In 2014-15, diesel fuel costs totaled $66.6 million, representing 9.6% of total operating costs.

The chart below shows monthly fuel price trends over the last twelve months.



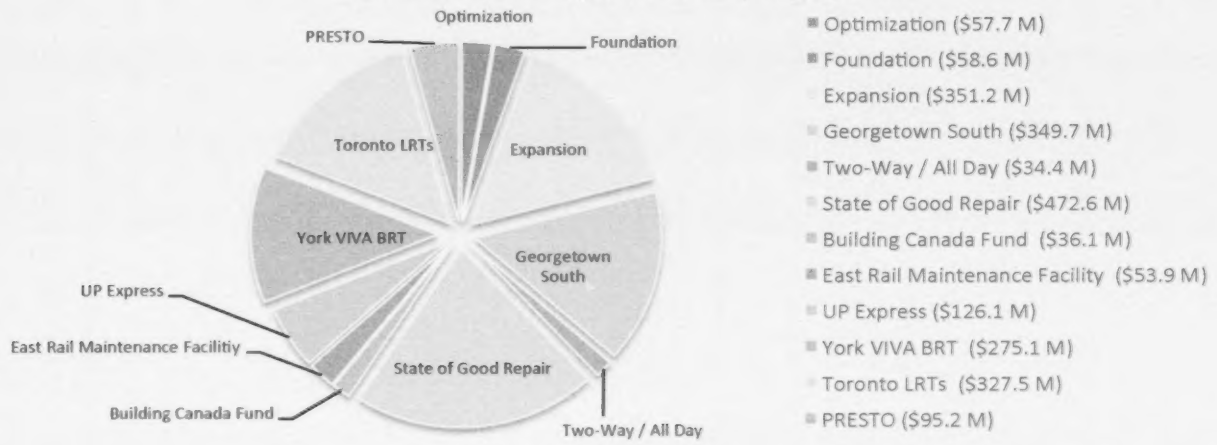
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Rail	$0.9511	$0.9581	$0.9450	$0.9184	$0.9434	$0.9193	$0.8890	$0.9520	$0.8466	$0.8049	$0.9572	$0.9042
Bus	$1.1298	$1.0845	$1.0728	$1.0313	$1.0276	$1.0053	$0.9639	$0.9958	$0.9235	$0.8269	$0.9276	$0.9324
Average	$1.0077	$0.9881	$0.9690	$0.9603	$0.9657	$0.9605	$0.9377	$0.9662	$0.8787	$0.8066	$0.9533	$0.9276

Diesel fuel price has increased steadily since 2009-10 but had been expected to stabilize in fiscal 2014-15. Geopolitical factors play a key role in determining whether fuel prices will actually stabilize. Metrolinx uses diesel fuel consultants, fixed-price contracts and is planning to implement financial hedging instruments to help increase greater price certainty in its diesel fuel costs.

Capital Investments

In 2014-15, Metrolinx continued working towards the Province's mandate to significantly increase its investment in public transit infrastructure. Major capital projects such as the Georgetown South corridor, UP Express, Union Station Revitalization, implementation of PRESTO fare system on TTC and OC Transpo, construction of Viva Bus Rapid Transit and Eglinton Crosstown projects commenced, achieved key milestones, or were completed during the fiscal year. Significant investments were also made towards the state of good repair of existing infrastructure in order to maintain and improve safety and reliability. Capital expenditure in 2014-15 was $2,238.1 million.

2014-15 Capital Expenditure by Categories



Major projects that moved forward or were completed during the year included:

- $411.1 million was invested in the Georgetown South, West Toronto Grade Separation and other projects required to accommodate more train service for GO Transit and Union Pearson Express.
- An additional $126.1 million was invested on infrastructure specific to the UP Express.
- $114.3 million was invested towards work in progress of the revitalization of Union Station including signals, replacement of the train shed, and the building of a new concourse.
- $390.7 million was invested in maintaining the state of good repair for existing infrastructure, including stations, bus & rail fleets, rail corridors, fleet maintenance facilities and parking facilities.
- $14.2 million was invested in new parking facilities that were either completed or that were under construction.
- $52.3 million was invested in railway corridors for tracks, signals, and bridges (excludes the Georgetown South corridor).
- $32.4 million in progress payments for the purchase of additional rail coaches, while $3.5 million was spent on new locomotives and $39.0 million on additional buses.
- $95.2 million was invested in development of PRESTO which will include increased functionality and system wide implementation on the TTC.
- $602.6 million was invested in the York VIVA BRT and Toronto LRT projects including;
  - tunnel construction on the Eglinton Crosstown project
  - completion of the York VIVA BRT on Highway 7 between Bayview and East Beaver Creek and continuing construction along Davis Drive.

The chart below provides details on Metrolinx service capacity and infrastructure, such as buses, trains and parking that is needed to support current service levels.

Services Levels and Infrastructure as at April 2015	
Train Service:	**Totals**
Lines	7
Stations	63
Route Kilometers	452
Weekday Train Trips	252
Weekday trainsets in use	52
Locomotives	75
Bi-level passenger railcars	615
Bus Service:	
Terminals (Plus numerous stops & ticket agencies)	15
Route kilometer	2,796
Weekday bus trips, total systems	2,529
Weekday bus trips, to/from Union	634
Single-level buses	383
Double-decker buses	117
Buses with bike racks	100%
Across our system	
Parking spaces	69,123
Park and Ride lot spaces	3,911
Parking structures	10
Stations/terminals with bike shelters	59
Stations with bike lockers	5
Wind Turbines	1
Solar Panel (photovoltaic) installations	3

Enterprise Risk Management

Risk Assessment and Management

Metrolinx continues to enhance its Enterprise Risk Management (ERM) program and ensure that Metrolinx complies with the Government of Ontario requirement for all classified agencies to use a risk-based approach in managing the business.

Management and the Board regularly review corporate risks that have been fully assessed with verified mitigation actions that reduce risks to an acceptable level and proactively review risks that are emerging. Emerging risks are identified and assessed with changing circumstances that could potentially escalate these risks to a high level in the near future.

During the 2014-2015 year:

- Metrolinx introduced a Corporate Risk Appetite and Risk Tolerance framework. As a result, the Board approved parameters for managing uncertainty for Metrolinx in pursuit of its objectives.
- The use of quantitative analytics has been increased by developing and applying best practises in analyzing business cases and assessing project cost contingencies.
- The project risk management framework has been developed and will be incorporated into the practices and procedures of the new Capital Project Group.

In 2015-2016, we are committed to the following:

- Metrolinx will focus on applying Risk Tolerance to Key Performance Indicators (KPI).
- Metrolinx will continue to expand the use of quantitative analytics in other key areas such as project schedule management and business planning.
- A Risk-enabled Performance Management Strategy is being developed and instituted over the next three years to further solidify risk management principles as part of everyday business.

Senior Management has identified the following key areas of focus for ongoing monitoring and reporting in achieving Metrolinx' corporate objectives and values.

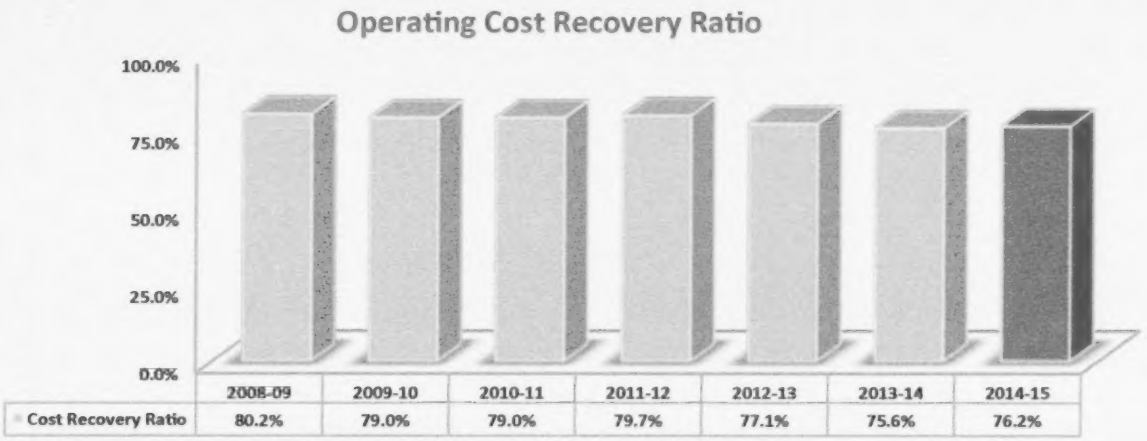
Key Areas of Focus

KEY AREA	DESCRIPTION
Regional Leadership and Relevance of The Big Move	The credibility of the regional transportation plan is maintained by demonstrating evidence-based decision making, ongoing progress and delivering on commitments on time and on budget.
Sustained Funding	Metrolinx requires continued and adequate funding to fund current and future operations and capital programs.
Stakeholder Management and Governance	Corporate governance oversight with clearly defined stakeholder roles and accountabilities are required to support Metrolinx' objectives.
Management of Stakeholder Requirements	Clear communication and understanding of program objectives is needed to deliver stakeholder requirements on budget, scope and schedule.
PRESTO Implementation	Fare card system rollout must be well managed to deliver on the committed schedule. Metrolinx needs to develop new service provider programs and an enhanced procurement strategy.
UP Express Service	Managing the launch of UP Express for Pan Am readiness, building and maintaining corporate partnerships, and delivering a premium service for customers are critical success factors for UP Express.
Rapid Transit Implementation	Effectively managing project stakeholders is key to the successful implementation of the RTI program, including the use of the AFP process.
Workforce	Effectively managing our workforce is critical to achieving business outcomes and optimizing productivity.
Customer Satisfaction	Reliable services and timely, high quality communication are success factors in maintaining Metrolinx' commitment to its customers.
Privacy and Cyber Security	Metrolinx is required to safeguard both customer and corporate data, ensure compliance with privacy legislation, and mitigate any possible privacy breaches.
Program Delivery	Project volume and complexity, as well as stakeholder requirements, necessitate effective project management and prioritization to deliver projects on time, budget, within scope and of the highest quality.
Passenger Safety	Proactively taking steps and continuing to strengthen the culture of safety as the top priority through clear leadership and commitment, effective communication and continuous improvement.
Legal / Compliance	Conducting our business in compliance with all applicable laws, regulations, directives and policies.
GO Regional Express Rail	Ongoing development and implementation of the work plans to deliver 15-minute, electrified service in core areas on GO-owned rail corridors.

Key Performance Indicators

Cost Recovery Ratio

Metrolinx uses the operating cost recovery ratio (excludes UP Express and PRESTO operations) as a key indicator of financial performance. Operating cost recovery ratio, measured as the ratio of total revenues (excluding operating subsidies, grants, sale of assets, and extraordinary revenues) to total operating costs provides an indicative measure of how efficient and how effective a transit agency operates. Metrolinx compares its recovery ratios to its historic results as well as compares it to industry benchmarks. Historically, Metrolinx has always had one of the best recovery ratios among North American peers. The operating cost recovery ratio in 2014-15 was 76.2%. This is up from 2013-14 reflecting higher commuter revenue.



	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Cost Recovery Ratio	80.2%	79.0%	79.0%	79.7%	77.1%	75.6%	76.2%

Notes: 1) Excludes unfunded labour benefits.
2) Fare integration expense has been reclassified as a revene offset on a pay as you go basis.

Overhead Ratio

The overhead ratio is the percentage of overhead support costs to operating costs. For fiscal 2014-15, the overhead ratio of 8.4 percent came in lower than the 2013-14 overhead ratio of 8.7 percent. The decline is due to the fact that overhead costs from corporate support functions are growing at a slower rate than all operating divisions.

GO Transit Competitiveness

Travelling with GO Transit remains an economically preferred choice for commuters in the GTHA. Travelling with GO Transit costs approximately 61 percent of the total cost of fuel and parking if you are driving. The average cost to drive is $0.25/km, whereas the cost for transit is $0.15/km. This reflects fuel costs and parking in downtown Toronto only and does not consider the additional vehicle maintenance and vehicle ownership costs that would result from the increase in vehicle mileage. The cost of fuel was based on the 2013 Driving Costs brochure published by the Canadian Automobile Association. GO Transit continues to offer a comfortable and easy experience and a cost competitive mode of travel for passengers.

Cost per Ride

The cost per ride is the average operating cost required to move passengers between destinations as measured by number of passenger boardings required for a one-way trip. For fiscal 2014 15, the cost per ride (excluding PRESTO and UP Express) of $8.68 was higher than 2013-14 cost per ride of $8.40. The key drivers leading to an increase in cost per ride are the introduction of new service, customer service enhancements, and maintenance of service reliability.

Total Revenues per Employee

Metrolinx uses total revenues per employee as one of its performance indicators to measure how effective the organization is in creating more value. A productivity measure, this indicator is measured as the ratio of total revenue to total number of employees. Employees are counted based on Full Time Equivalents (FTE) as of March 31, 2015, where a full time employee is count as 1 FTE and part-time employees are counted as 0.5 FTE. Contracts workers and vacancies are excluded from the FTE count. In 2014-15, total revenues per employee were $155,155, down from $162,172 in 2013-14. This trend reflects the increase in off-peak and weekend service introduced by GO Transit.

Customer Satisfaction

Metrolinx understands the importance of customer service and customer satisfaction, and the impact that they have on ridership levels and on financial performance. Metrolinx's Customer Service business unit implements a vast set of metrics to measure Metrolinx's performance in delivering customer service. Key performance indicators used by Customer Service include on-time performance, safety, keeping you in the know, comfortable experience, and helpfulness. These are posted on the GO website and are updated on a regular basis.

On-time Performance

Metrolinx uses on-time performance as one of its key indicators to measure service reliability and to measure its delivery of customer satisfaction. On-time performance for the year overall was 92.3%, down from 92.5% the previous year. This high level of performance was achieved despite the impacts of harsh winter weather conditions.

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
On-Time Performance	87.0%	91.0%	94.0%	95.1%	94.2%	92.5%	92.3%

June 25, 2015

Management's Responsibility for Financial Infomation

Metrolinx Management and the Board of Directorsare responsible for the financial statements and all other information presented in these financil statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements includeamounts based on management's best estimates and judgements.

Management has developed and maintains financia and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assessmanagement systems and practices, and reports are issued to the Audit Committee of the Bard.

The Metrolinx Board of Directors, through the Aud Committee, assures that management fulfills its responsibilities for financial information nd internal control. This Committee reviews the financial statements and the external auditors' roort.

The financial statements have been examined by Deoitte LLP, Metrolinx's appointed external auditor. The external auditor's responsibility is to express an opinion based on their audits. The audits are conducted in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

For the fiscal year ended March 31, 2015, Metrolinx's Board of Directors, through the Audit Committee, was responsible for assuring that management fulfilled its responsibilities for financial reporting and internal control. The Commitee meets regularly with management, the internal auditor and Deloitte LLP to satisfy itself tha each group has discharged its respective responsibility. The Committee reviews the financial statements before recommending approval by the Board of Directors. Deloitte LLP had direct ad full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Metrolinx's financial reporting and the effectiveness of the system of internal controls.

Bruce McCuaig
President and Chief Executive Officer

Robert Siddall, CPA, CA
Chief Financial Officer

Financial statements of

Metrolinx

March 31, 2015

Metrolinx
March 31, 2015

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Deloitte.

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Independent Auditor's Report

To the Board of Directors of Metrolinx

We have audited the accompanying financial statements of Metrolinx, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metrolinx as at March 31, 2015, the results of its operations, its remeasurement gains and losses and, its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 25, 2015

Metrolinx

Statement of financial position
as at March 31, 2015

(In thousands of dollars)

	2015	2014
	$	$
Assets		
Current assets		
Cash and cash equivalents (Notes 4 and 5)	**351,111**	439,958
Accounts receivable (Note 7)	**154,156**	155,146
Contributions due from Province of Ontario	**156,743**	133,884
Contributions due from Government of Canada	**40,885**	13,458
Spare parts and supplies	**8,335**	6,464
Prepaid expenses	**18,592**	22,728
	729,822	771,638
Funds being held for Province of Ontario (Note 5)	**-**	46,667
Contributions due from Province of Ontario - long-term (Note 10)	**48,368**	-
Capital assets (Note 6)	**11,570,895**	9,739,344
Deposits on land (Note 8)	**121,389**	145,048
Advances on capital projects (Note 8)	**213,458**	139,369
Long-term lease (Note 9)	**27,880**	28,207
Derivative asset (Note 18)	**-**	612
	12,711,812	10,870,885
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**662,972**	709,835
PRESTO Farecard E-Purse (Note 4)	**29,024**	23,975
	691,996	733,810
Advance from Province of Ontario (Note 5)	**-**	46,667
Long-term payable (Note 10)	**48,368**	-
Deferred capital contributions (Note 11)	**9,734,686**	7,979,746
Pension plan top-up benefits payable (Note 13)	**56,741**	53,563
Other employee future benefits payable (Note 14)	**105,411**	96,844
	10,637,202	8,910,630
Commitments (Note 17)		
Contingencies (Note 19)		
Net assets		
Net assets invested in capital assets (Note 15)	**2,171,056**	2,044,015
Net assets invested in long-term lease	**27,880**	28,207
Net assets internally restricted (Note 16)	**26,332**	26,332
Deficiency of net assets	**(150,658)**	(138,911)
	2,074,610	1,959,643
Accumulated remeasurement gains	**-**	612
	12,711,812	10,870,885

On behalf of the Board

Stephen Smith Director

Robert S. Prichard Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of operations
year ended March 31, 2015
(In thousands of dollars)

	2015	2014
	$	$
Revenue		
Operating revenue	**469,965**	430,777
Contribution from the Province of Ontario	**190,440**	161,480
Investment income	**4,771**	7,746
Amortization of deferred capital contributions (Note 11)	**350,331**	291,147
Gain on disposal of capital assets	**10,817**	246
	1,026,324	891,396
Expenses		
Supplies and services	**50,971**	44,602
Equipment maintenance	**77,850**	73,804
Facilities and track	**95,648**	87,872
Labour and benefits	**248,427**	220,866
Rail and bus operations	**218,789**	184,685
Amortization of capital assets	**352,125**	296,198
Amortization of long term lease	**327**	327
	1,044,137	908,354
Excess of expenses over revenue	**(17,813)**	(16,958)

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of changes in net assets
year ended March 31, 2015
(In thousands of dollars)

	Invested in capital assets (Note 15)	Invested in long-term lease	Internally restricted net assets (Note 16)	Deficiency	2015 Total	2014 Total
	$	$	$	$	$	$
Balance, beginning of year	**2,044,015**	**28,207**	**26,332**	**(138,911)**	**1,959,643**	1,794,022
Excess of expenses over revenues	-	-	-	**(17,813)**	**(17,813)**	(16,958)
Amortization (net of amortization to revenue)	**(5,342)**	**(327)**	-	**5,669**	-	-
Assets contributed by the Province of Ontario (Note 20 (c))	**15**	-	-	-	**15**	18,095
Land acquisitions, net of deposits	**23,258**	-	-	-	**23,258**	82,368
Land fair value adjustment	-	-	-	-	-	720
Disposal of land	**(397)**	-	-	**397**	-	-
Deposits on land	**109,507**	-	-	-	**109,507**	81,396
Balance, end of year	**2,171,056**	**27,880**	**26,332**	**(150,658)**	**2,074,610**	1,959,643

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of remeasurement gains and losses
year ended March 31, 2015

(In thousands of dollars)

	2015	2014
	$	$
Balance, beginning of year	**612**	98
Unrealized gains (losses) attributable to:		
Forward fuel purchase contracts (Note 18)	-	612
Amounts reclassified to the statement of operations:		
Forward fuel purchase contracts (Note 18)	**(612)**	(98)
Net remeasurement gains and (losses)	**(612)**	514
Balance, end of year	-	612

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statements of cash flows
year ended March 31, 2015
(In thousands of dollars)

	2015	2014
	$	$
Operating activities		
Excess of expenses over revenues	(17,813)	(16,958)
Amortization of capital assets and long-term lease	352,452	296,525
Gain on disposal of capital assets	(10,817)	(246)
Amortization of deferred capital contributions	(350,331)	(291,147)
Employee future benefits, net of payments	11,745	11,142
	(14,764)	(684)
Change in non-cash working capital		
Accounts receivable	(3,186)	23,863
Spare parts and supplies	(1,871)	(2,984)
Prepaid expenses	4,136	(6,960)
Accounts payables and accrued liabilities	6,967	3,240
PRESTO Farecard E-Purse	5,049	6,678
	(3,669)	23,153
Capital activities		
Purchase of capital assets	(1,916,361)	(1,561,255)
Proceeds from sale of capital assets	14,763	683
Deposits on land	(109,507)	(81,396)
Advances on capital projects	(213,458)	(139,369)
	(2,224,563)	(1,781,337)
Financing activities		
Grants received for purchase of land	132,765	163,765
Capital contributions	2,006,620	1,631,266
	2,139,385	1,795,031
Net change in cash and cash equivalents	(88,847)	36,847
Cash and cash equivalents, beginning of year	439,958	403,111
Cash and cash equivalents, end of year	351,111	439,958
Supplemental cash flow information		
Non-cash capital activities		
Change in accounts payable and accrued liabilities relating to capital assets	(53,831)	235,041
Change in long-term capital payable/contribution due from Province	48,368	(62,359)
Assets contributed by the Province of Ontario (Note 20 (c))	15	18,095
Non-cash financing activities		
Capital contributions receivable/payable	(50,286)	(143,066)
Sunk Project costs recoverable from TTC transferred from work-in-progress to accounts receivable	(4,175)	78,963

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario ("MTO"). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the Greater Toronto Transportation Authority Act, 2006 which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the Greater Toronto Transportation Authority Act, 2006 and changing the title of the Act to the Metrolinx Act, 2006. Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area ("GTHA"). Taking a regional approach, Metrolinx brings together the Province of Ontario ("the Province"), municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a division of Metrolinx that operates an interregional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the Cities of Toronto and Hamilton, and Regions of Halton, Peel, York, Durham as well as Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson ("UP") Express is a division of Metrolinx that is responsible for providing high-quality dedicated express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. Construction that had begun in July 2010 is now nearly complete with the new trains undergoing testing for safety and efficiency. The UP Express was fully operational starting on June 6, 2015.

PRESTO is a division of Metrolinx which created and operates the PRESTO fare system, an electronic fare card that allows riders to transfer seamlessly across multiple transit systems. PRESTO is currently available on 10 transit agencies in the GTHA, Phase 1 of the PRESTO fare system implementation on the Toronto Transit Commission ("TTC") will be completed during the fiscal year ending March 31, 2016 covering 26 subway stations and all new streetcars. PRESTO is fully deployed on the OC Transpo network in Ottawa.

2. Summary of significant accounting policies

Financial statement presentation

These financial statements have been prepared by management in accordance with the accounting principles for government not-for-profit organizations recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

Financial instruments

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

2. Summary of significant accounting policies (continued)

All financial instruments reported on the statement of financial position of Metrolinx are classified as follows:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Contributions due from Province of Ontario	Amortized cost
Contributions due from Government of Canada	Amortized cost
Funds being held for Province of Ontario	Amortized cost
Contributions due from Province of Ontario - long-term	Amortized cost
Derivative asset	Fair value
Accounts payable and accrued liabilities	Amortized cost
PRESTO Fare Card E-Purse	Amortized cost
Advance from Province of Ontario	Amortized cost
Long-term payable	Amortized cost

Transaction costs on assets measured at fair value are expensed as incurred.

The fair value of Metrolinx's cash and cash equivalents, accounts receivable, contributions due from Province of Ontario, contributions due from Government of Canada, accounts payable and accrued liabilities and PRESTO Fare Card E-Purse approximate their carrying values due to the short-term nature of these financial instruments. The fair value of other financial instruments approximate their carrying values unless otherwise noted, based on market rates available to Metrolinx for financial instruments with similar risks, terms and maturities.

Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

Metrolinx enters into contracts for diesel fuel to manage exposure to diesel fuel price risks. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. The unrealized gains or losses in the derivative instruments' fair value are recognized in the statement of remeasurement gains and losses.

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

Impairment of financial instruments

Management reviews its financial instruments for other than temporary impairment on an annual basis. When a financial instrument is determined to have an other than temporary impairment, a loss is recognized in the statement of operations.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid short-term investments with maturities of three months or less at the time of purchase.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted-average method.

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset.

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

If the development or construction of a capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed, unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

Capital assets derived through an Alternate Financing Procurement ("AFP") contract for the design, build, finance and maintenance will contain a portion of the capital design and construction costs that will be paid upon substantial completion of the construction of the capital asset and the remainder over the useful life. A matching contribution receivable from the Province of Ontario is recorded. Annual service payments and lifecycle payments will be paid annually over the term of the contract.

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings (including shelters and ticket booths)	5-20 years
Leasehold improvements	Lease life
Locomotives and other railway rolling stock	20-25 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20 years
Buses (including double decker buses)	10 years
Parking lots	20 years
Computer equipment and software	5-10 years
Grade separations	50 years
Other (including furniture and equipment)	3-12 years

Work-in-progress is comprised of direct construction and development costs. No amortization is recorded until the assets are in service.

Long-term lease

Long-term lease represents the prepayment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, being the term of the lease plus one renewal period.

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer Ontario Municipal Employees Retirement System ("OMERS") Pension Fund. The expense for the period equals the required contribution for the period.

2. Summary of significant accounting policies (continued)

Employee future benefits (continued)

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx also provides other employee future benefits which are calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

Commuter services revenue

Revenue is recognized when the transportation service is provided.

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

Internally restricted net assets

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties which may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The items subject to the most significant estimates are amortization of capital assets, certain accrued liabilities, pension plan top-up benefits payable and other employee future benefits payable.

Adoption of new accounting standards

Effective April 1, 2014, Metrolinx adopted Public Sector Accounting ("PSA") standard, *PS 3260, Liability for Contaminated Sites*. The standard requires an assessment of all land holdings to determine if contaminations, as defined under the standard and regulatory requirements, are present on lands not being used in providing transit and other related services. While contaminations may be present, the resultant liability also depends on the existing and future disturbances to the land. A complete inventory of all land holdings was developed and assessed for under the standard. In the year of adoption, there were no liabilities reported under the standard.

2. Summary of significant accounting policies (continued)

Future Accounting Pronouncements

PSAB has released the following new handbook sections which will be applicable to Metrolinx to the extent that there are no specific standards in section PS 4200 to PS 4270 "Government Not-for-Profit Organizations".

PS 2200, Related Party Disclosures; PS 3420, Inter-entity Transactions; PS 3210, Assets; PS 3320, Contingent Assets; and PS 3380, Contractual Rights are all effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. *PS 3430, Restructuring* is effective for fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

Management is currently assessing the impact of these new standards.

3. Financial instruments and risk management

Metrolinx's financial assets and liabilities have exposure to the following risks:

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal as most of the receivables are from federal, provincial and municipal governments and organizations controlled by them.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities as they are primarily with related parties and are non-interest bearing.

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption.

4. PRESTO Farecard E-purse balances

The balance of funds held on PRESTO farecards E-purse in the amount of $29,024 (2014 - $23,975) has been included in Cash and cash equivalents. The E-purse balance is held on behalf of the farecard owner and therefore a liability is recorded on the statement of financial position.

5. Funds being held for Province of Ontario

During the fiscal year ended March 31, 2007, the former Greater Toronto Transit Authority (GO Transit) received $46,667 from the Province for their contribution towards the TTC participation in the GTA Farecard project. TTC is expected to meet the requirements to receive this funding in the year ending March 31, 2016 and, consequently, the cash held by Metrolinx and the obligation have been moved to current assets (cash and equivalents) and current liabilities (accounts payable and accrued liabilities) on the statement of financial position.

6. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
	$	$	$	$
Land	1,941,084	-	1,941,084	1,780,064
Buildings	840,236	337,305	502,931	371,041
Leasehold improvements	36,130	26,109	10,021	7,379
Locomotives and other railway rolling stock	1,661,559	528,588	1,132,971	1,048,766
Improvements to railway right-of-way plant	1,237,787	565,266	672,521	667,523
Grade separations, track work and installation	1,969,015	351,110	1,617,905	621,398
Work-in-progress	4,448,042	-	4,448,042	4,186,869
Buses	357,314	165,911	191,403	149,758
Parking lots	652,553	183,923	468,630	442,703
Computer equipment and software	744,880	223,628	521,252	407,087
Other	169,032	104,897	64,135	56,756
	14,057,632	2,486,737	11,570,895	9,739,344

Work-in-progress includes the following:

	2015	2014 (Note 22)
	$	$
Rail corridor expansion	1,098,652	1,561,207
Union Station	412,382	319,593
Rail fleet	470,682	491,340
PRESTO System	60,115	117,177
Light Rapid Transit and Bus Rapid Transit	1,692,619	1,221,433
Various	713,592	476,119
	4,448,042	4,186,869

Work-in-progress relates to projects which are expected to come into service in 1 to 5 years.

7. Accounts receivable

(a) Accounts receivable is composed of the following:

	2015	2014
	$	$
Recoverable HST	49,952	55,522
Recoverable PRESTO costs	4,123	4,505
Sunk project costs recoverable from City of Toronto	74,787	78,963
Other receivables	25,294	16,156
	154,156	155,146

7. Accounts receivable (continued)

(b) Included in accounts receivable is $74,787 (2014 - $78,963) related to the design of the Light Rapid Transit ("LRT") Scarborough corridor in the City of Toronto incurred by Metrolinx as at March 31, 2015 and does not include costs related to any contract amendments or cancellations with 3rd party vendors. On October 8, 2013, City of Toronto Council voted to replace the planned LRT currently under construction under the Master Agreement with a Scarborough Subway. The City of Toronto has agreed to reimburse Metrolinx for expenditures incurred for the Scarborough LRT, including any potential costs associated with the LRT vehicle supply contract. Accordingly, the costs incurred to date have been reclassified from work-in-progress to accounts receivable.

8. Advances on capital projects

Metrolinx has entered into Memorandum of Agreements ("MOAs") with York Region Rapid Transit Corporation ("YRRTC"), The Regional Municipality of York ("York Region"), City of Toronto and the TTC. The MOAs outline the projects, expected costs, and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. A Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. The MOA with the City of Toronto and the TTC was extended until the earlier of September 30, 2012 and the date on which Metrolinx, TTC and the City finalize definitive legal agreements. A Master Agreement with TTC and the City of Toronto was signed November 28, 2012 and covers the cost of constructing the Eglinton LRT, Scarborough RT, Finch West LRT and Sheppard East LRT. The Master Agreement also covers project governance and costs related to the East Rail Maintenance Facility Alternate Financing procurement.

Pursuant to these agreements, advances were paid to York Region and to the TTC to provide working capital for Deposits on land totalling $97,939 (2014 - $67,713) and other project costs totalling $213,458 (2014 - $139,369) to fund projects being developed by York Region and TTC on behalf of Metrolinx. The Deposits on land referred to above relate to obtaining, in the future, perpetual easements required for the operation of the York Region bus rapidway. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

As at March 31, 2015, Metrolinx has expended approximately $2,086.7 million (2014 - $1,484.1 million) in relation to these projects, including the following amounts which have been advanced for costs expected to be incurred to June 30, 2015 and deposits related to future perpetual easements.

	2015	2014
	$	$
York Region	**298,575**	191,104
TTC	**12,822**	15,978
	311,397	207,082
Other land deposits	**23,450**	77,335
	334,847	284,417

9. Long-term lease

			2015	2014
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Leasehold, Union Station	**32,704**	**4,824**	**27,880**	28,207

10. Long-term payable and Contributions due from Province of Ontario - long term

Metrolinx and Infrastructure Ontario entered into an Alternate Financing Procurement ("AFP") contract with Plenary Infrastructure for the design, build, finance and maintenance of its East Rail Maintenance Facility. The AFP contract is for thirty years at a total amount of $921,794. Costs incurred as at March 31, 2015 amount to $48,368 and are included in work-in-progress. A matching contribution receivable from the Province for costs incurred to date is included in deferred capital contributions.

11. Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2015	2014
	$	$
Balance, beginning of year	**7,979,746**	6,558,917
Contributions received or receivable in the period for capital asset acquisitions		
Province of Ontario	**2,070,305**	1,675,947
Municipalities	**6,529**	33,311
Government of Canada	**28,437**	2,718
Amortization of deferred capital contributions	**(350,331)**	(291,147)
Balance, end of year	**9,734,686**	7,979,746

Metrolinx realized a shortfall in municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of $171,111 (2014 - $216,148) and the cumulative amount is $973,387. The Province will work with its municipal partners to address the funding shortfalls.

12. Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the OMERS Pension Fund. The amount expensed in pension contributions for the year ended March 31, 2015 is $23,107 (2014 - $17,874).

13. Pension plan top-up benefits liability

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the Provincial Plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as of April 1, 2013. The financial statement items resulting from the valuation have been determined in accordance with Section 3250 of the PSA Handbook. The pension expense recognized during the year is $4,778 (2014 - $4,512).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

13. Pension plan top-up benefits liability (continued)

Information about Metrolinx's pension plan top-up is as follows:

	2015	2014
	$	$
Accrued benefit obligation	74,608	60,169
Fair value of plan assets	(1,698)	1,118
Funded status - plan deficit	72,910	59,051
Unamortized net actuarial loss	(16,169)	(5,488)
Accrued benefit liability	56,741	53,563

Details of the accrued benefit obligation are as follows:

	2015	2014
	$	$
Accrued benefit obligation, beginning of year	60,169	57,970
Current service cost	1,494	1,474
Interest cost on accrued benefit obligation	2,385	2,064
Benefit payments	(1,024)	(900)
Actuarial loss (gain) on accrued benefit obligation	11,584	(439)
Accrued benefit obligation, end of year	74,608	60,169

Details of the pension expense are as follows:

	2015	2014
	$	$
Current service cost	1,494	1,474
Interest cost on accrued benefit obligation	2,385	2,064
Actual return on plan assets	(4)	(3)
Expected return vs. actual return on plan assets	4	3
Amortization of actuarial loss	899	974
	4,778	4,512

Plan assets by asset category are as follows:

	2015	2014
	%	%
Cash invested	12	-
Cash on deposit with Canada Revenue Agency	88	100
	100	100

Other information about Metrolinx's benefit plan is as follows:

	2015	2014
	$	$
Employer contributions	1,600	600
Benefits	25	900

13. Pension plan top-up benefits liability (continued)

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

	2015	2014
Discount rate	2.9%	3.9%
Rate of compensation increase	3%	3%
Inflation per annum	2%	2%
Expected average remaining service life	6 years	6 years

14. Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety & Insurance Board ("WSIB") liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as of March 31, 2014. The valuation was performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from the valuation have been determined in accordance with Section PS3250 of the PSA Handbook. The post-retirement non-pension benefits recognized during the period were $10,892 (2014 - $9,875).

The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred.

Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2015	2014
	$	$
Accrued benefit obligation	149,894	112,285
Fair value of plan assets	-	-
Funded status - plan deficit	149,894	112,285
Unamortized net actuarial loss	(44,483)	(15,441)
Accrued benefit liability	105,411	96,844

Details of the accrued benefit obligation are as follows:

	2015	2014
	$	$
Accrued benefit obligation, beginning of year	112,285	110,342
Current service cost	4,896	4,155
Interest on accrued benefit obligation	4,579	3,999
Benefit payments	(2,325)	(2,643)
Actuarial loss (gain) on accrued benefit obligation	30,459	(3,568)
Accrued benefit obligation, end of year	149,894	112,285

14. Other employee future benefits liability (continued)

Details on the post-retirement non-pension benefits expense are as follows:

	2015	2014
	$	$
Current service cost	4,896	4,155
Interest cost on accrued benefit obligation	4,579	3,999
Amortization of actuarial loss	1,417	1,721
	10,892	9,875

The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

Discount rate for post-retirement non-pension benefit	2.9% (2014 - 4%)
Discount rate for WSIB liabilities	2.3% (2014 - 3.4%)
Discount rate for retiree severance benefits	2% (2014 - 3%)
Expected average remaining service life for post-retirement non-pension benefit	15 years (2014 - 15 years)
Expected average remaining service life for WSIB liabilities	10 years (2014 - 10 years)
Expected average remaining service life for retiree severance benefits	6 years (2014 - 7 years)
Rate of compensation increase	3% (2014 - 3%)
Inflation per annum	2% (2014 - 2%)
Initial Weighted Average Health Care Trend Rate	5.5% (2014 - 5.6%)
Ultimate Weighted Average Health Care Trend Rate	4.3% (2014 - 4.3%)
Dental care benefits increase	4% (2014 - 4%)

15. Net assets invested in capital assets

	2015	2014
	$	$
Capital assets	11,570,895	9,739,344
Deposits on land	121,389	145,048
Advances on capital projects	213,458	139,369
Less deferred capital contributions used to purchase capital assets	(9,734,686)	(7,979,746)
	2,171,056	2,044,015

16. Internally restricted net assets

The internally restricted net assets are as follows:

	2015	2014
	$	$
MCOR	**21,051**	21,051
Employment obligation	**889**	889
Self insured retention	**2,013**	2,013
Stabilization	**2,379**	2,379
	26,332	26,332

The Municipal Capital and Operating Restructuring ("MCOR") reserve was established to assist in funding large capital expenditures.

The Employment Obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

The Self Insured Retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The Stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

17. Commitments

(a) The minimum operating lease payments in each of the next five years are as follows:

	$
2016	26,773
2017	25,619
2018	24,443
2019	24,081
2020	21,352
Subsequent	229,708
	351,976

(b) Metrolinx has also committed approximately $5.0 billion for various capital asset additions/projects.

(c) A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company ("CN"), Canadian Pacific Railway Company ("CP"), Bombardier Inc., PNR Rail Works Inc. ("PNR"), Toronto Terminals Railway Ltd. ("TTR") and by a number of minor service agreements. Metrolinx has entered into the following major agreements for approximately $210,000 per year:

i) Master Operating Agreement with CN terminating on May 31, 2016.
ii) Commuter Agreement with CP terminating on December 31, 2019.
iii) Equipment Maintenance Contract with Bombardier terminating on May 31, 2023.
iv) Rail Crew Contract with Bombardier terminating on May 31, 2023.
v) Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2016.
vi) Rail Corridor Management Service Agreement with TTR terminating on June 30, 2016.

17. Commitments (continued)

(d) The annual service payments relating to the AFP contract with Plenary Infrastructure (Note 10) will aggregate to $535,526 after substantial completion of the project expected during the fiscal year ending March 31, 2019.

(e) As at March 31, 2015; Metrolinx had outstanding letters of credit totaling $28 (2014 - $28).

18. Diesel fuel forward contracts

As at March 31, 2015, Metrolinx has no fixed fee agreements in place to purchase diesel fuel. The change in fair value of the derivative instruments of $Nil (2014 - $612) was recorded as an unrealized gain in the statement of remeasurement gains and losses.

19. Contingencies

Various lawsuits have been filed against Metrolinx for incidents which arose in the ordinary course of business. Management has reviewed these claims and made provisions as appropriate. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

20. Related party transactions and balances

Metrolinx had the following transactions with related parties during the year:

(a) The Ontario Ministry of Transportation, Ontario Ministry of Government Services, Ontario Tourism Marketing Partnership Corporation, Infrastructure Ontario, Ontario Northland and Metropolitan Toronto Convention Centre Corporation charged Metrolinx $228 (2014 - $1,319), $881 (2014 - $Nil) $Nil (2014 - $47), $30,999 (2014 - $21,539), $5,656 (2014 - $3,161) and $11 (2014 - $Nil) respectively during the year for the provision of services provided by these organizations. In addition, Infrastructure Ontario charged $22,674 (2014 - $60,276) in capital expenditures related to the Design-Build-Finance contract for the Union Pearson rail link project. At March 31, 2015, accounts payable and accrued liabilities and long-term payable included $31 (2014 - $22), $158 (2014 - $Nil), $9,592 (2014 - $132,522) and $2,903 (2014 - $2,695) owing to the Ontario Ministry of Transportation, Ontario Ministry of Government Services, Infrastructure Ontario and Ontario Northland respectively.

(b) Metrolinx charged Ontario Northland and Metropolitan Toronto Convention Centre Corporation $138 (2014 - $175) and $13 (2014 - $13) respectively during the year for the provision of services. At March 31, 2015, accounts receivable included $81 (2014 - $Nil) and $Nil (2014 - $574) owing by the Ontario Ministry of Transportation and Ontario Northland respectively.

(c) Metrolinx procured one parcel of land for $Nil from the Ontario Ministry of Transportation during the year. The transfer was treated as a contribution from the Province equivalent to the fair value of the asset that amounted to $15 (2014 - $18,095).

The transactions in 20 (a) and (b) are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Contributions of capital assets from the Province are recorded at the fair value.

Balances due from/to the Province of Ontario are separately disclosed on the statement of financial position. Amounts are non-interest bearing with no specified terms of repayments.

21. Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

(a) In the normal course of business, Metrolinx has entered into agreements that include indemnities in favour of third parties such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(b) Indemnity has been provided to all directors and or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and therefore no amount has been recorded with respect to these agreements.

22. Corresponding figures

Certain of the prior year's corresponding work-in-progress figures in Note 6 have been reclassified to conform to the current year's presentation.

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